

17 JUNE 1987



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# ***JPRS Report***

## **Soviet Union**

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***International Affairs***

## SPECIAL NOTICE

Effective 1 June 1987 JPRS reports will have a new cover design and color, and some reports will have a different title and format. Some of the color changes may be implemented earlier if existing supplies of stock are depleted.

The new cover colors will be as follows:

CHINA.....	aqua
EAST EUROPE.....	gold
SOVIET UNION.....	salmon
EAST ASIA.....	yellow
NEAR EAST & SOUTH ASIA...	blue
LATIN AMERICA.....	pink
WEST EUROPE.....	ivory
AFRICA (SUB-SAHARA).....	tan
SCIENCE & TECHNOLOGY.....	gray
WORLDWIDES.....	pewter

The changes that are of interest to readers of this report are as follows:

USSR reports will become SOVIET UNION reports.

The USSR REPORT: NATIONAL ECONOMY will be titled SOVIET UNION/ECONOMIC AFFAIRS (UEA).

The USSR REPORT: POLITICAL AND SOCIOLOGICAL AFFAIRS will be titled SOVIET UNION/POLITICAL AFFAIRS (UPA).

The following Soviet journals will be added to those which are already issued in separate series:

- EKO: ECONOMICS & ORGANIZATION OF INDUSTRIAL PRODUCTION (UEO)
- THE WORKING CLASS & THE CONTEMPORARY WORLD (UWC)
- PEOPLES OF ASIA & AFRICA (UAA)
- MILITARY HISTORY JOURNAL (UMJ)
- FOREIGN MILITARY REVIEW (UFM)
- AVIATION & COSMONAUTICS (UAC)
- SOCIOLOGICAL STUDIES (USS)

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COMMUNIST SOLIDARITY, COOPERATION WITH OTHER 'LEFT' FORCES URGED

Moscow APN DAILY REVIEW in English 11 May 87 pp 1-5

[Article by PRAVDA political analyst Vitaliy Korionov: "Realizing Global Responsibility"]

[Text] The world is going through a complex and dramatic period. To survive and thwart nuclear holocaust is its primary task.

It takes dynamic and resolute action by governments, political parties, public movements and entire nations to remake international relations in conformity with global vital interests. This realization grows with every day. Ever new strata join the peace effort as graphically shown by the International Forum for a Nuclear-Free World, for the Survival of Humanity, recently held in Moscow.

The world coalition of political realism, reason and goodwill is taking an ever more pronounced shape.

The working class, its political parties and organizations have a special, historically destined role in that coalition. The recent decades have seen drastic changes in the status and composition of that class, but it is invariably the most active figure in global progress, the central revolutionary force of our era.

To achieve its routine aims and final goals, the working class needs no war. On the contrary, the working people, proletarians in particular, have always borne the brunt of wars. This is all the more true today. Nuclear missiles have become an active factor in social contention, and posed many issues differently. The fatal global threat has tied in social and economic problems facing the working class and the entire working people with the tasks of opposition to aggressive imperialist policies.

Basic working-class interests coincide with those of humanity. Marxism-Leninism proceeds from that point. "Communism is in principle above the enmity between bourgeoisie and proletariat ... for Communism is not only the working-class but a global cause," said Frederick Engels. The way he posed the question reflects the profound humanist essence of Marxism-Leninism.

Universal human values have now gained priority over the interests of individual classes. Does that mean that the working class has given up its class goals? Has class struggle been cancelled, one may ask? Nothing of the kind! The interests of the working people are incompatible as before with predatory imperialist aspirations--more so than ever before, in fact, as militarism armed with nuclear weaponry encroaches on the right to live: the most sacred right of all people.

The most aggressive imperialist forces must be elbowed out from the political scene and isolated. That's the only way out, one that takes long and intense struggle. It is unique as other social strata join the working class in it: all who share the standpoint of reason and humanism.

Of course, the changed situation poses new tasks before the working-class and Communist movement. Ever new difficulties arise. On the other hand, the interests of the working class, of socialism coincide at present with those of the entire humanity in preventing nuclear war. Thus the working class and its organizations can gain new positions on the political scene, and expand their mass influence.

The fates of the globe and social progress greatly depend today on the successes of the world socialist system, the most important fruit of the international working-class movement. Marxist-Leninists resolutely support the competition of the two systems proceeding in peaceful forms only. They are sure that socialism will reveal its advantages in that historical competition. They also know that the more successes the Soviet Union and the other fraternal socialist countries score, the greater will be the opportunity to preserve global peace.

That's why Communists in other countries actively support the CPSU course on accelerated social and economic progress in the Soviet Union, and the sweeping reform under way in our country. As they stress, the implementation of the 27th CPSU Congress line will make the public image of socialism more attractive to encourage more resolute action by communist parties in non-socialist countries. The CPSU policy deals a decisive blow to anti-Sovietism, and positively influences the global social and political situation and class struggle, the Communists say.

It is difficult to overestimate the part working-class political parties and organizations of non-socialist countries play in the peace effort. The antagonisms between the ruling monopolies and the bulk of the population are growing in those countries. Ever new millions of working people see the evident link between the arms race and snowballing unemployment, between militarization and the curtailed democratic rights and freedoms. Naturally, people of different political orientations and social backgrounds are ever more active in their opposition to the arms race and society being militarized. Their protests run in the same channel as the drive against racism, national discrimination, and predatory attitudes to the environment. Those movements are joining in a mighty stream for peace and social progress. Cooperation and interaction between working-class parties and other organizations, on the one hand, and the freshly emerged social movements, on the other, is ever more topical.

Communists are in the first ranks of global survival combatants. They do not aspire to leading positions in the peace, democratic and anti-imperialist movements. The peace effort is not their prerogative, nor that of other Left forces, Communists hold. To teach others is the last thing they want. Communists pay attention to their partners' opinions and are willing to learn from them.

The struggle against nuclear danger demands peace partisans' team action and mutual understanding on an ever greater scale. Aspirations to leadership, contempt for fellow combatants are as pernicious today as sectarianism. Enemies of peace act in close cooperation, out to set some anti-imperialist forces in opposition to others--that, too, shall be taken into consideration.

As Communist parties and other democratic organisations repeatedly noted, Left forces and peace movements have not exhausted their possibilities, those of cooperation included. It can only be regretted that anti-war action is stepped up far slower than military preparations. With consideration for different stances in their ranks, peace partisans ought to seek painstakingly for practical ways to bring together those whose goal is to prevent a world nuclear conflagration. Such is the challenge of the 1980s. Different ideologies, political and philosophical convictions are no obstacles to united action: what brings combatants together is far stronger than their divergent opinions.

Communists again and again stress their readiness to contribute to equal cooperation with all democratic forces, especially with Socialists and Social-Democrats. True, there are profound ideological differences between Communists and Social-Democrats. Their experience and achievements are not similar--all the more vital is unbiased acquaintance with each other's stances and viewpoints: vital not only for Communists and Social-Democrats themselves but for the peace and international security drive. So all genuine peace partisans see with satisfaction the latter-day reapprochement between basic political trends in the international working-class movement, particularly between Communist and Social-Democratic parties. Highly instrumental are expanding contacts between the CPSU and the Socialist International, lately developed by the disarmament drive.

The peace and progress potential dramatically increased as national liberation forces, socialist-oriented countries, revolutionary-democratic parties and the non-aligned movement emerged on the world arena. Communists solidarise with those forces and are eager to strengthen contacts with them.

In the late 20th century, a time of trouble and responsibility, the Communist movement can grow stronger through elaborating truly contemporary forms of contacts and concerted action on an equal basis. Communists ought to make their internationalist principles ever more manifest.

We know the Communist movement to face many new problems and realities these several years, its multi-faceted nature among them to reflect that of today's world. That complexity does not take Communists aback, and they don't think it means disconnection. Respect for each other's opinions makes unity for a

common goal attainable, Marxist-Leninists think. Comradely solidarity and proletarian internationalism strengthen the Communist political position. The closer Communist parties' revolutionary solidarity the stronger the stance of fighters for peace and social progress.

"A daring creative approach to new realities, based on the doctrine of Marx, Engels and Lenin, on class solidarity, on equal cooperation of all fraternal parties invigorates the Communist movement in its work for the common goals, peace and socialism. Those goals are the principal factor uniting Communists of various countries," said the 27th CPSU Congress.

(Pravda, May 9. In full.)

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CSO: 1812/210



## USE OF 'PLASTIC,' 'ELECTRONIC' MONEY IN WEST DETAILED

Moscow NEW TIMES in English No 19, 18 May 87 pp 30-32

[Article by Vladimir Kashin: "Borrowing from a computer"]

[Text] "Can you travel around the world without a cent in your pockets? Yes, you can—and not only travel, but stay in the best hotels and buy whatever takes your fancy." This is an excerpt from an advertisement promoting the Visa and Mastercard credit cards that have perceptibly pushed back hard cash and cheque books as negotiable currency. Cheque books are a privilege of the wealthy few; credit cards are anyone's for the asking.

The "plastic money" era has not come to stay either: the papers are already heralding the era of "electronic money" when all one will have to do by way of paying for goods or services is touch a cash register panel with one's finger tip or say one's name aloud. A computer will instantly identify the client by his fingerprints or vocal timbre and draw the money from his bank account.

### Credit, debit and automatic bills

"Plastic money" stems from the old practice of small shopkeepers selling goods to their regular customers on credit and entering their debts in an account book. This kind of crediting did not do for larger businesses, still less for trading companies running hundreds of department stores nationwide. So they started issuing their regular customers with "identification cards" of sorts in the shape of credit cards, which entitled patrons to make purchases in any of the company's chain stores, with payments to be made biweekly or monthly. Spending was encouraged by discounts and premiums for very expensive purchases. Tourist companies and

gas stations also started crediting their customers. Credit cards thus became a new form of crediting regular clientele, once a service traditionally obtainable only from banks.

This competition compelled bankers to set up automatic cash points at airports, hotels and large department stores. The cashpoints issued ready money to clients at any time of day or night. In order to get the cash just when he needed it, a client was supposed to carry a plastic debit card with his special tape-recorded code press-fitted into it. These "banks without tellers" became immensely popular in the U.S., Western Europe and Japan overnight, prompting bankers to introduce a new consumer credit system.

Normally, banks granted credits not to buyers but to traders who cashed in on loan interest on retail sales. Drawing upon the experience they had gained in debit-card operations, banks launched a massive issue of credit cards guaranteeing, at their own risk, immediate payment for the goods and services their clients buy. A client was supposed to clear the debt within a month; failure to do so incurred added interest on the loan and, with the debt still outstanding, a stoppage of further payments against the card.

What is a credit card? It is a plastic rectangle bearing a serial number, the owner's name, a specimen of his signature, and the duration of the card's validity. Shops that accept credit cards make out a bill for a purchase to the issuing bank. The card bearer has to sign the bill so that the sales person can match the signature against the



... on the card in suspicious cases. A person can ask the charge card to show his penner. These penners are not the out cases of fake cards, but the cards being used. At an expert estimate, cheaters swindle the banks of hundreds of millions of dollars a year. By 1990 the bank associations using the Visa and Mastercard credit cards alone will have lost about two billion dollars in this way. That is why bankers are taking every measure to protect themselves.

One measure is to code the bearer's signature on the magnetic tape press-fitted into the card. Sometimes, a special cipher known to the bearer only is coded, or a holographic image superimposed on it. A patch of special material bearing the card owner's likeness reproducible by means of a laser beam only is also press-fitted into the card. These are only a few of the sophisticated anti-forgery techniques banks resort to.

## Built-in intelligence

For all the technical problems involved, "plastic money" has become fairly widespread over the past few years, although the proportion of those using it is still relatively low: 18 per cent in the U.S., and about 4 per cent in Britain. Commodities rarely bought on "plastic credit" so far include food products and consumer durables—homes, cars, TV sets, which can be paid for in instalments—as well as shares and other securities. Credit cards are current mostly in the middle class. The poor have no bank accounts, as a rule, and the rich prefer cheque books.

In order to attract the wealthy, bankers started issuing so-called prestige cards, American Express, for instance, has put gold cards into circulation in Britain, intended for those with annual incomes of not less than 25,000 pounds. The gold card was followed by the still more expensive platinum card. In order to keep up with their competitor, the Trusthouse Forte hotel company and the Barclays and the National Westminster banks have come up with similar cards. At the same time banks, tourist and trading companies are seeking ways of making "plastic credit" universal, bringing expense, debit and credit cards together into a single system.

The invention of the so-called "smart" card marked the first step on the way. This is a piece of plastic with a micro-processor (chip) press-fitted into it. Such cards were pioneered by Roland Moreno back in the early 1970s. It took about a decade to devise the technique for making them, and already in 1983 "smart" cards had begun to make their way into the consumer credit system. The new card's chief advantage is a much larger storage capacity (1,000 bits as against the conventional card's 7). This is enough to hold information about the client, the state of his bank account, and all his payments. A special fake-proof code is press-fitted into the "smart" card. Another advantage of the new card is that it obviates the need for costly shop-bank communication facilities because the card itself indicates what sum the client's credit is still good for.

Such cards are already mass-produced by France's Bull company (at the rate of about 10 million a year). In Japan, the Casio company recently began to put them into quantity production. Public telephones are already being switched over from coin to "smart" card operation. By way of an experiment, "smart" cards are accepted by a number of tollhouses. The French government has decided to go further than that: it has been introducing the "plastic credit" system on a wide scale since 1986; about 16 million cards will be in circulation towards the end of 1988, and in 1990 the figure will come to 20 million (which almost equals the number of French families). This credit system will embrace 350,000 trading companies, banks and service establishments, with about 50,000 of them to be in direct communication with bank computers.

So far France leads the world in the spread of "plastic credit." National credit systems of this kind are to be introduced in Britain (as from 1988), Luxemburg, Belgium, Denmark and Norway. (Singapore, Hong Kong, Thailand and China will confine themselves to the use of ordinary cards for the time being.) By the year 1990, the U.S. and Japan are to produce an estimated 500 million and 100 million "smart" cards respectively, which, however, will not be introduced on a national scale, but offered by individual banks to their clients. American banks have already invested fairly heavily in operations in-

volving conventional credit cards and will have to cover these expenses before they change over to "smart" cards.

## A "pocket bank"

Technological progress has not stopped at that, however. A new wonder-card, referred to by its creators as "super-smart" because its data storage capacity is greater still, has already been developed. It combines all the merits of conventional credit cards, registers its bearer's financial operations, and has enough room in its memory for a host of data, such as contributions to the social security fund, blood group and other indicators relating to the bearer's state of health.

Most importantly, the "super-smart" card does not depend on external electronic gear for its functioning. It has its own data input keys, a miniature disk, and is battery-powered. It is a micro-computer in its own right complete with all the software it needs—a personal bank, as it were, that fits into the palm of one's hand. A client can put in, process, and retrieve any data. Information fed into the card by the creditor bank is protected by a special code, as are the expenditure limits the bank sets. Each time the card owner contacts his bank's master computer (when drawing cash, making a purchase, etc.) new information on the state of his bank account is entered in the card's memory.

Nor is the "super-smart" card the last word in technology. The Drexler Technology Corp. of California has developed a laser card for Japan's Sumitomo Bank with a storage capacity of two million bits (800 closely-spaced typewritten pages). Such a card will cost a mere \$2.5 to make—less than a "smart" card does—but its capabilities will be truly unlimited.

What is fostering the card boom? The profit motive, of course. Besides the high "plastic credit" interest rate (over 20 per cent, as a rule), the bank charges every client about \$15-20 a year for using the card. The profits bankers make on "plastic crediting" are much in excess of what they earn on other forms of crediting. Such profits can be obtained, however, only by banks capable of running a nationwide credit-card service, which costs millions of dollars to establish. Of the hundreds of banks comprising the Visa and Mastercard

clearing associations, nationwide clearing operations can be afforded by only a few such as the Citibank, Bank of America, First Chicago International, Chase Manhattan, Wells Fargo, and the like.

Heavily as bankers charge them, "plastic credit" is convenient and profitable to their clients. First of all, they get a loan in excess of their actual credit. In the U.S., for instance, only a third of credit card owners clear their debts on time, the rest permanently failing to do so. As a result, the accruing interest outstandings on "plastic credit" bring the banks a profit of \$65 billion a year. The chief advantage of the "plastic credit" card is that buyers find it more convenient to borrow from a computer. This spares them the trouble of negotiating a loan with a banker, fumbling for cash in a shop or a hotel, exchanging their money for local currency when crossing borders, and so on.

"Plastic credit" means not only extra profit to bankers and extra convenience for their clients. It speeds up money transactions considerably, reduces trading costs, and rationalizes banking. It has imparted a mass scale to clearing, an account-settling practice long accepted in the business world. Among the socio-psychological consequences of the spread of credit cards has brought is the undermining of the fetishistic attitude to gold coins and bank notes. After all, it makes no sense to hoard plastic cards and "salt them away." Although credit cards perform the function of money, they are not money but negotiable instruments like letters of credit or bank cheques.

The introduction of "plastic credit" has as its main economic consequence under capitalism still greater centralization and concentration of monetary operations in the hands of a handful of large banks. Technological progress compels them to get a national credit system under way regardless of competition. Thus the new form of clearing pro-

...ed by the "information industry" leads to the centralization of the private banking system catering to the distribution of an ever greater proportion of the national wealth.

### **A circulation booster**

Naturally, the economic effect of "plastic money" depends on the scale of its acceptance as payment for commodities and services. The socialist economic system, which uses commodity-money relations as a means of stepping up production efficiency and ensuring a fair distribution of public wealth according to each citizen's work, can make more effective use of this financial innovation than the capitalist system.

Under socialism, the banking system is centralized and free of interbank competition and the concomitant non-productive losses in money circulation. In our case, money circulation produces no fictitious capital, which devalues money and enriches big financiers. The use of "plastic" and other forms of "electronic" money in the course of the economic reform now in progress will make it possible to create an all-embracing system of control over the correlation between labour input and the consumption rate. Keeping tabs on each citizen's revenues and expenditures as indicated by his uniform bank account will make it virtually impossible to conceal unearned income. "Plastic credit" will also provide the technical means of gearing production to demand, with the result that the manufacturers of fast-selling products will be better off financially than those whose output finds no market.

The introduction of electronic money circulation and accounting will accelerate commodity and money turnover in the national economy. This will certainly call for computer centres with terminals in banks, savings banks, factories

and shops, for the steady production of credit cards themselves, and for expert personnel. Such a restructuring of the account-settling and crediting mechanism will necessitate great expenses and considerable organizing effort. At the same time it is obvious that the computerization of the national economy is a short- rather than a long-term objective, and that "plastic credit" arrangements could well be included in the multipurpose data systems now in the making.

The economic and social effect of "plastic credit" will justify all the expenses involved in introducing it. Computerization of monetary operations and their complete changeover to clearing will make it possible to automate control over credit and monetary policy and budget execution at national, republican and local levels, bring more order and system into accounting at industrial plants and in organizations, increase discipline in payment and consolidate the principle of self-support in the national economy. The extension of clearing to the entire sphere of commodity-money relations will also help improve economic assessments. "Pocket banks" will also afford the population wide access to economic data, medical institutions, libraries and archives, i.e., make the population better informed in all fields of economic and public life, and provide conditions for its further democratization.

Under socialism the interests of the state, banks, industrial plants and other organizations do not clash with those of the population at large. The extra commodity and money reserves mobilized by means of "plastic credit" will not serve to draw on the population's funds for the benefit of a handful of big financiers and state-monopoly groupings. Speeding up the turnover of commodity-money resources by the introduction of "plastic money" may be a way of raising the efficiency of social production and improving welfare standards.

## EAST-WEST RELATIONS

### U.S. ENVOY TO CSCE REITERATES VOA 'FALSEHOODS'

LD082243 Moscow TASS in English 2224 GMT 8 May 87

[Text] Moscow 8 May TASS--TASS News Analyst Viktor Ponomarev writes:

The best defense is an offense. This view of the Voice of America is clearly manifested by the fact that a few days ago it levelled at the Soviet Union unfounded accusations of crying violation of human rights of persons who had not committed any offenses but had only been trying to express their ideas.

Who were those persons and what ideas have they been expressing?

The Voice of America mentions two of them. The first one is Balis Gajauskas who, allegedly, spent half his life in prison for "translating literature" about freedom into his native language.

Where and in what way did Gajauskas start his activity as translator?

Juozas Skirjus of Klaipeda testifies that Gajauskas was one of the three bandits who robbed a bar in Sekalo Street where Skirjus worked as a watchman. And there Gajauskas who, according to the Voice of America, was not guilty of any violence, was striking with the butt of a pistol a barmaid who tried to save the receipts from him. The robber was not caught then and he continued "expressing his ideas" in Shaulyai. In Shaulyai he shot dead a person who identified him as a bandit and gravely wounded another man who was hurrying to the rescue of the first one. Gajauskas shot dead Antanas Mikalkinas and thus orphaned his three sons: Antanas, 5, Edvardas, 7, and Liaonas, 10.

Such were "literary translations" because of which Gajauskas landed in a prison where he spent 25 years and from which he was released in 1973. As is known, murderers in the USA are isolated from society for life.

There is one thing in which the Voice of America was not mistaken though. The former bandit did engage in literary propaganda. He was calling for the struggle against Soviet power and was glorifying the criminals who are guilty of murdering hundreds of people, such as Burbulis who was driving Kaunas Jews into the ghetto, who was executing Soviet citizens in the Ninth Fort of Kaunas, such as butcher Teodoras Kerza, who participated in the shooting of 1,500 Soviet citizens, mostly Jews in Krakas.

Petra Ruban was the second person who was proclaimed by the Voice of America to be illegally condemned. According to the Voice of America he landed behind bars for the mere reason of cutting the Statue of Liberty out of wood....

That "prisoner of conscience" started his path from the attempt of homicide. Servicing his term, he illegally acquired fire arms, ammunition and explosive. Was it for woodcutting?

Concluding the commentary the Voice of America emphasized that it reflects the viewpoint of the Government of the United States. The verity of such an assertion could be doubted for the reason that crude lies and falsifications were never to the credit of either governments or official news bodies. But doubts to this effect were dispelled by none other than the head of the U.S. delegation to the third round of the Vienna meeting, Warren Zimmermann. Promising the delegates to the Conference on Security and Cooperation in Europe who gathered in Vienna to analyze the impressive and dynamic phenomena of openness and reorganization in the USSR, he made the reservation that he will be doing so by citing facts as he knows them.

Having been compelled to note progress in the aspects related to humans, Zimmermann in the manner characteristic of the governmental radio station shocked the gathering with the invented case of Estonian Ornithologist Mart Niklus, who had allegedly been sentenced in the USSR, in conditions of openness, to ten years of prison for listening to the Voice of America broadcasts. Such is, apparently, Zimmermann's notion of the "real state of affairs" on which he promised to deliberate in Vienna. Is not the head of the U.S. delegation bent most of all on publicising the Voice of America whose broadcasts are not even jammed in the Soviet Union any longer, The Voice of America which brazenly uses falsehoods in its hysterical psychological attack on the positive changes taking place in the Soviet Union?

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CSO: 1812/200



COCOM RULES BREACH CLAIM USED TO FUEL ANTI-SOVIETISM

PM121013 Moscow IZVESTIYA in Russian 11 May 87 Morning Edition p 3

[Own correspondent S. Agafonov dispatch: "What Toshiba Kikai Is Being Accused Of"]

[Text] Tokyo--An intricate trade and political plot with an anti-Soviet bias has been staged in Tokyo and Washington in recent days.

Its essence in a nutshell consists of allegations that Toshiba Kikai, one of Japan's major manufacturers of machines and equipment, has infringed COCOM (Coordinating Committee for Export Controls) export controls and sold the Soviet Union a number of machine tools including programs which have enabled the USSR to improve the engine section of submarines making them virtually "undetectable" by U.S. sonars.

By now it is difficult to say who fired the first shot in the battle that has been staged since. According to some, it was a minor provincial U.S. newspaper which launched the now familiar story. According to others, the title should go to a more solid U.S. firm--the CIA--which in one of its reports complained bitterly that Soviet submarines have become "almost inaudible of late," which jeopardizes the interests of the United States and the whole "free world" and undermines global security.

The second proposition seems closer to the truth if only because of the fact that a newspaper article could hardly have grown into a political "affair" involving top officials of the U.S. and Japanese administrations had not the well known services had a stake in it.

Acting on special instructions, the Japanese police burst into the company's head office and 30 of its branches for a search and carried away many kilograms of documents. Toshiba Kikai is being investigated by the prosecutor's office on a charge of having violated export legislation.

The right-wing Japanese press has been swamped by a wave of sensational articles of highly dubious origin claiming that Toshiba Kikai experts were specially invited to Soviet military shipyards to adjust the equipment and knew, furthermore, for what purpose the Japanese machine tools would be used. It was also reported that the Soviet military and naval attache personally visited Toshiba Kikai enterprises and all but inspected the company's output.



I contacted the military attache's office at our embassy and got first hand confirmation that all these sensational stories are nothing but run-of-the-mill fabrications. As for the machine tools supplied by the company to the Soviet Union, the deal took place 5 years ago with the permission of the Japanese Ministry of International Trade and Industry. This ministry is the main organization for monitoring the implementation of the COCOM recommendations in Japan.

This is a brief summary of the affair, this is what it looks like on the surface. However, the underlying trend and true aim of this racket in a vacuum is far more interesting and important. What is attracting attention above all is the fact that so-called security interests are playing an increasingly important role in U.S.-Japanese trade and economic differences. Whereas in the past it was individual firms or sectors of U.S. industry which complained about the Japanese exports offensive, they have now been joined by the CIA and the Pentagon. These agencies are now openly pointing out the growing dependence of the U.S. market on Japanese goods as a factor threatening U.S. national security. Against the backdrop of declarations about the importance of Japanese-American ties, this is a highly interesting feature.

As for the Japanese firms' business relations with the USSR, the exemplary punishment meted out to Toshiba Kikai seems of secondary importance, the main aim being the practical and political spin-off. Essentially it is an attempt to force Japan to cut back all trade and economic contacts with the socialist countries because, according to American logic, the fewer the contacts, the greater the trust in the ally.

By blowing up the affair about the violation of COCOM regulations, the U.S. side is in fact trying to kill two birds with one stone--to warn a rival who, once again, has gone too far and to boost anti-Sovietism both in the United States and Japan. The task of the Japanese "hunter" is to butter up the angry trade partner by sacrificing the interests and prestige of one of his firms and by means of anti-Sovietism to gratify the right-wing forces inside the country which are on the offensive.

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CSO: 1825/193

CEMA DRAFT PROGRAM ON MACHINE-BUILDING OUTLINED

LD132233 Moscow TASS in English 2122 GMT 13 May 87

[Text] Moscow May 13 TASS--The CMEA Committee for Cooperation in Machine-Building has prepared a draft programme of multilateral specialization and co-production of the CMEA countries in a wide range of machinery products.

"The draft will be submitted for consideration to the CMEA leading bodies", Genrikh Stroganov, deputy chairman of the USSR State Planning Committee and chairman of the Bureau of the CMEA Committee for Cooperation in Machine-building, told a TASS correspondent.

It develops the positive trends of the multilateral cooperation. At present, specialization and co-production in the CMEA countries cover over 16,000 types of machinery products with another 1,500 new machines to be added to them soon.

The CMEA countries have recently signed over 80 treaties and agreements for specialization, co-production and scientific and technological cooperation in the field of integrated automation. And there are going to be more of them.

The draft programme highlights the need for producing machines sharply increasing labour productivity. Before 1990 the CMEA countries are planning to develop and introduce on the basis of co-production and direct ties 1979 flexible production systems and 86 types of industrial robots. The mutual exchange of industrial robots will increase five times against the previous five-year plan period.

The CMEA countries have coordinated plans for development and specialization of the production of 440 standard sizes of farm machines and equipment, 210 metal-cutting machines, 188 oil and chemical installations and equipment and large amounts of microprocessor equipment.

Genrikh Stroganov stressed that the draft programme had been drawn up by coordinating the scientific, technical and economic policies of the CMEA countries in machine-building with due regard for structural changes caused by the scientific and technological progress.

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CSO: 1812/214

CZECH GOSPLAN OFFICIAL ON IMPORTANCE OF DIRECT TIES

Moscow PRAVDA in Russian 2 Apr 87 p 4

[Interview with Yosef Vorachek, first deputy chairman of the CSSR Gosplan, by PRAVDA correspondent S. Vtorushin; date and place not given; first two paragraphs are PRAVDA introduction]

[Text] Our correspondent met with Yosef Vorachek, first deputy chairman of the CSSR Gosplan, and asked him to answer several questions relating to the further deepening of cooperation between fraternal countries and to raising its efficiency.

The first of them is on the significance of direct ties between the enterprises and organizations of the CSSR and USSR as well as other states of the community.

[Answer] A year ago, the government of our country issued a decree on this question, said Y. Vorachek. Through joint efforts, it is easier to contribute to an increase in the efficiency of the national economies. Broader contacts between the organizations of our countries will make it possible to accelerate the introduction of the achievements of science and technology and progressive experience into production and will help to make fuller use of production capacities, improve technological processes and raise the productivity of labor.

Depending upon the scale and intensity of reciprocal contacts and the proper choice of the directions of cooperation, the development of direct ties can help resolve the basic and analogous tasks that the economy of fraternal states now faces.

So that such ties can justify the hopes being placed on them, however, it is essential to make this process more dynamic. In November 1986, Chairman of the USSR Council of Ministers N.I. Ryzhkov and Premier of the CSSR L. Strougal signed an intergovernmental agreement on the establishment of direct production and scientific-technical ties and on the formation of joint Czechoslovak-Soviet teams of scientists and specialists as well as an agreement on the basic principles for the establishment and work of joint enterprises, international associations and organizations. Since that time, several dozen agreements on direct ties have already been concluded. It is

proposed that as time goes on the interested partner enterprises and organizations themselves will negotiate on the establishment of such ties as well as on all related technical and economic questions.

[Question] What advantages can the national economy of the CSSR obtain from this?

[Answer] I think that here it is worthwhile to talk about the immediate advantages for specific enterprises as well as about the advantages for the economy of the CSSR as a whole. In the first case, it is a matter of the correct choice of the partner by the higher authority or organization, that is, of the choice of the subject of cooperation and its content. In the second case, it is a matter of the advantages ensuing from the very form of this cooperation from the point of view of the resolution of the basic national economic tasks. Thus, the more rapid introduction of the achievements of science and technology into production must by itself increase the efficiency of the Czechoslovak economy.

It is obvious that the development of direct ties will give both sides greater advantages than the mere increase in the trade turnover. This will [bring about] above all an increase in the technically progressive production and in the quality level of output, a reduction of the consumption of raw materials and energy, the provision of the technical and economic independence from the West, and the increase in the competitiveness of products.

We believe that thanks to these forms of cooperation it is possible to resolve the overall problems in these areas much more effectively and, at the same time, to establish new conditions for the fulfillment of those tasks with which it is impossible to cope independently within the scope of the Czechoslovak economy.

For example, the agreement between the Vitkovitse Association and the Novokramatorskiy Machine Building Plant on the joint planning, production and delivery of the "2500" rolling mill for the Novolipetskiy Combine makes it possible to put into operation equipment whose parameters will meet the demands of the year 2000.

[Question] Which sectors, in your view, have the highest priority for the development of direct ties and what can be said about such contacts in the area of scientific-technical cooperation?

[Answer] Direct ties should be developed in the areas of the economy and in priority directions of science and technology. They are determined by the Complex Program for the Scientific-Technical Progress of the CEMA Member Countries Through the Year 2000. There is no doubt, however, that direct ties can also be supported in other areas of scientific-technical development. The intergovernmental agreement takes into account the expansion of direct interaction above all between enterprises in machine building, the electronic and electrotechnical industry, and other key sectors.

The organizations that want to apply new forms of economic cooperation systematically in practice must naturally consider the priorities of the



technical policy of both countries. It can be expected that there will be a more rapid development of the direct ties between those organizations that today have already achieved positive results in cooperation in production and in the scientific-technical and trade areas. The interaction in the area of hydraulic systems that has already continued for several years between the Czechoslovak association ZTC Martin and its Soviet partners contributed to a substantial rise in the technological level of these products and to a significant increase in reciprocal deliveries. We have already experienced a number of positive changes in the area of scientific-technical cooperation. Nevertheless, the realization and introduction of innovations into production is being delayed.

Specific actions are now necessary. There must be no delay.

As soon as possible, it is necessary to perform a technical and economic analysis of the proposed directions of cooperation, specify the subject of interaction, and determine precisely its goals and content. The results will, in addition to everything else, depend upon the skillful forecasting of the prospects of the given sector or output from the point of view of the mutual satisfaction of needs.

It is therefore essential to establish the appropriate conditions in both countries for the serious "economic behavior" of enterprises in the scope of the development of new forms of socialist economic integration.

[Question] What can you say about the establishment of joint enterprises and scientific production associations?

[Answer] They will be established in practically all sectors of the national economy. Their work is aimed at the achievement of the same goals as those of enterprises having direct ties. But the interaction between the participants in this form of cooperation will be substantially more intense.

The organization of joint enterprises or associations in the territory of the CSSR or USSR will also be carried out with the goal of accelerating scientific-technical progress. The corresponding agreements on the establishment of joint laboratories have already been concluded. One of them, for example, deals with the problems of raising quality and improving the appearance of products made from chemical fibers, fur, leather and plastic.

Among the most important goals is the development and production of automated and robotized workplaces and sections. This task is being resolved in the scope of the Czechoslovak-Soviet association "Robot" established in 1985. Its specific work verifies most of the aspects of a new form of the international division of labor. And today it is already apparent that the establishment of such joint collectives is one of the basic ways of intensifying international cooperation.

There were many problems in the initial period of the association's work. But they were soon convinced that with mutual striving it is always possible to find a rational approach for the fulfillment of what is planned. In the case

at hand, to organize the issue of new industrial equipment at the appropriate technical level for Soviet and Czechoslovak industry.

This conclusion is also confirmed by a preliminary assessment of the value of the joint design bureau in the area of the specialized and cooperative production of equipment, which was established by the Shkoda Association in Plzen and Uralmash in Sverdlovsk. The contract between the two enterprises was signed the other day.

In the area of household electronics, it is planned on the basis of the preliminary agreements reached to establish a scientific production association to produce a promising color television of a new generation and an international association capable of meeting the needs of the population of our countries for laser record players.

Both agreements, signed at the level of representatives of the governments of the CSSR and USSR, established the foundation for the more rapid resolution of a number of complex questions. In the process, the partner organizations have already entered into dozens of agreements, and many agreements are in the stage of discussion and review by experts. In this way, the conditions are being established for the successful fulfillment of the Complex Program for the Scientific-Technical Progress of CEMA Member Countries Through the Year 2000 and the Long-Term Program for Economic and Scientific-Technical Cooperation Between the CSSR and USSR Through the Year 2000.

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CSO: 1825/15b



## BRIEFS

CEMA AGRICULTURE COMMISSION MEETS--Budapest 8 May--The 66th session of the CEMA Standing Commission on Cooperation in the Sphere of Agriculture took place in the Hungarian city of Balatonszemes 4 through 8 May. It examined questions associated with the realization of the Comprehensive Program for the CEMA Countries' Scientific and Technical Progress Through The Year 2000 and aspects of cooperation between interested European CEMA countries and the SRV and the Mongolian People's Republic in the sphere of agricultural development. The commission heard reports on the problems of mechanization, electrification, and automation of production processes in crop growing and stockraising and also on the elaboration of theoretical foundations for breeding and seed growing and new methods of creating high-quality varieties and hybrids of agricultural crops. The activity of the international Agroinform system in 1981-1985 and other questions were discussed. The delegation leaders also had a consultation on the possibilities of improving the economic mechanism and the administrative structure in the agriculture of the CEMA member states. [TASS report: "CEMA Diary"] [Text] [Moscow IZVESTIYA in Russian 9 May 87 Morning Edition p 5 PM]

/9716

CSO: 1825/194

**CORBACHEV'S INDIA VISIT, INDO-SOVIET RELATIONS PRAISED**

Moscow ASIA AND AFRICA TODAY in English No 2, Mar-Apr 87 pp 8-11

[Article by Vladilen Baikov: "Mission of Peace and Friendship"]

[Text]

**B**eautiful and majestic Rajpath, the main thoroughfare of the Indian capital, stretches straight as an arrow for approximately three kilometres, lined with wide green lawns, water pools and fountains. It starts at the memorial arch commemorating the Indian soldiers who perished on the battlefields of the First World War and ends by the walls of the Rashtrapati Bhavan presidential palace.

New Delhi's main avenue looked especially festive and solemn on November 25, 1986, when General Secretary of the CPSU Central Committee Mikhail Gorbachev came on a visit to India. It was adorned by red Soviet and three-colour Indian flags, slogans and streamers with warm words about the Soviet Union and glorifying Indo-Soviet friendship. Tens of thousands of city residents lined the street to meet the top-ranking Soviet guest.

The warm welcome given to Mikhail Gorbachev in New Delhi, tens and hundreds of meetings, demonstrations, seminars, exhibitions and festivals held in other Indian cities and states to mark his visit amounted to another vivid manifestation of good relations between the Soviet Union and India and sincere friendship and respect that the Soviet and the Indian people feel towards each other. The sentiments and thoughts of the Indian people were well illustrated by the results of the opinion poll carried out by the Indian newspaper *Sunday Mail* several days before the visit. Answering the question: "What state in the world is India's best friend?" 93 per cent of those polled named the Soviet Union. The Soviet people share the same feelings.

An Indian proverb has it that the shortest road is the one along which people walk towards each other. It is precisely such a road that our peoples have been walking along in the course of many decades. On the day of his arrival in New Delhi Mikhail Gorbachev spoke of the "precious heritage" of traditional relations of friendship between them. It is not only a matter of historical contacts that go back deep into the ages (it is known, for example, that old Russian epic poems mentioned Indian merchants, that Alanash, a merchant, a traveller from Tver, visited India in the fifteenth century and so on). The main thing is that these relations have always been sincere, friendly and not bound to any particular situation in the world.

The Soviet Union was among the first to recognise the emergence in Asia of a young Indian state and to establish diplomatic relations with India even before it had gained independence. It offered friendship and cooperation to the great Indian people who entered a new stage in their centuries-old history.

Outstanding Indian statesmen Jawaharlal Nehru and Indira Gandhi did not spare efforts or energy to develop and promote Soviet-Indian relations. This course of developing traditionally friendly contacts with the USSR has never been called in question in India even at the most difficult moments of home policy life. As for the Soviet Union, one of the priority trends of its foreign policy has become interaction with peace-loving India.

In 1971, the two countries signed the Treaty of Peace, Friendship and Cooperation, which marked a qualitatively new stage in the development of the entire complex of multi-faceted relations and became an event of great international significance. Both sides reiterated their firm determination to work hard to preserve and strengthen peace in Asia and throughout the world and expressed their staunch belief in the possibility of applying in practice the principles of peaceful coexistence and cooperation of states with different socio-economic systems.

The experience of the past decades has shown convincingly that Soviet-Indian relations are characterised by high stability, invariable dynamism and the diversity of the fields of cooperation and mutual understanding. Economic, trade, scientific and technological contacts are especially active and large-scale. Developing on a planned and long-term basis, they are equitable and mutually advantageous, meeting the national interests of both nations. The Soviet people can by right be proud of having made a tangible contribution to India's building her own industry. Over 80 industrial and other projects have been built or are being built with Soviet aid in India in her key economic sectors. These projects are to be found in the most distant corners of the country and the role they play in the Indian economy is truly impressive. By today the enterprises of the state sector, which has been built with Soviet assistance, account for 80 per cent of the steel-making equipment, 60 per cent of heavy electrical equipment and 35 per cent of oil products produced in the country, while the overall capacity of the electric power plants built with Soviet aid amounts to 4 million kilowatts.

More than 20 years ago Bokaro was a small village lost in the dry and flat valleys. One day Indian and Soviet construction workers came here to build Asia's biggest iron-and-steel works. When I came to Bokaro, I saw the panorama of a grand construction site with the structures of the shops towering all over the horizon. I saw there with my own eyes the scope of Soviet-Indian cooperation. I learned from a talk with S. Samaranungavan, director of the project, that the construction site stretched for 29 km. "In her centuries-long history India has not known a construction site of a similar scale," the director said, "but the main thing is that the works is supplied for the most part with metalwork and equipment produced at Bhilai, Hardwar and other Indian plants also built with Soviet assistance. This is a graphic evidence of the huge aid given by your country to India in her efforts to gain economic independence!" Present-day Indian industry is a leading force in the development of the country's entire economy providing a material basis for its planned and all-round development.

In the colonial period India was turned into a raw material appendix of the British Empire and imported virtually all the manufactured goods from there. Now she is capable of producing on her own most of the equipment necessary to develop her national industry. Now India herself builds iron-and-steel plants and atomic power stations, makes supersonic aircraft and launches earth satellites. She can no longer be called a backward country: she ranks among the most developed states in the world, as far as her industrial production level is concerned.

The Soviet Union and India actively and fruitfully cooperate on the world scene. Their coinciding or similar positions on the burning problems of our day favourably affect the solution of a number of complicated international prob-

lems. For instance, of no small importance was the position adopted by the two states on stopping US imperialism's aggression in Vietnam and restoring peace in Indochina. India warmly supports the Soviet Union's striving to put an end to the arms race, to arrive at universal and complete disarmament and to ward off nuclear threat from the peoples of the world. The Indian people welcomed the unilateral moratorium on nuclear explosions announced by the Soviet Union and responded positively to Soviet efforts in Reykjavik to ensure a radical turn towards saving mankind from nuclear weapons and promoting nuclear-free peace on the globe. The Soviet proposal towards a comprehensive system of international security and also the programme of peaceful interaction in Asia and the Pacific also evoked broad response among the Indian public.

At the same time the Soviet people sympathise with India's foreign policy initiatives, in particular those made at the 41st UN General Assembly Session—the draft convention on the non-use of nuclear weapons and the appeal to freeze nuclear arsenals. We think highly in the Soviet Union of India's position on achieving a just settlement of the Middle East problem, stopping imperialist interference in the Persian Gulf region and the fratricidal war between Iran and Iraq; her realistic approach to reaching a political settlement of the situation around Afghanistan and her efforts to make South-east Asia a zone of a lasting peace and stability. The Soviet Union also highly appreciates the great role of India as a leader of the nonaligned movement and supports the stand of the prestigious Delhi Six on arms control. It also approves India's resolute denunciation of the US Star Wars plans and the desire to settle both real and artificially-created conflicts and differences.

The peoples of the Soviet Union and India cherish their time-tested bonds of friendship and cooperation, which are based on equality, mutual respect and trust, and view them as an example to follow for all the emergent countries and as a graphic manifestation of the policy of peaceful coexistence of states. They are endeavouring to enrich these bonds in every way. Small wonder therefore that generation after generation of the Soviet and the Indian people consider it their duty to make a befitting contribution to the construction of the magnificent edifice of Soviet-Indian friendship, that common precious asset of the two great nations.

The cause of Jawaharlal Nehru and Indira Gandhi is being consistently carried on by the present Prime Minister of the Republic of India, Rajiv Gandhi. It is symptomatic that the first country he paid a friendly visit to after he had assumed office was the Soviet Union.

The Soviet leadership also believes that exchanges of summit visits have a great role to play in the continuous rapprochement of our two peoples and in promoting friendship between them. It was noted throughout the world that India was the first Asian country to be visited by Mikhail Gorbachev after he had become General Secretary of the CPSU Central Committee.

Mikhail Gorbachev's talks with Prime Minister Rajiv Gandhi, President Zail Singh and other Indian statesmen, politicians and public figures in New Delhi, the speeches and statements made during his visit and the Soviet-Indian documents signed have become a fresh proof that our relations are steadily progressing. The four days of the visit were very busy. Mikhail Gorbachev and Rajiv Gandhi conversed for hours, discussing a broad range of issues. The talks, as the Indian press noted, were conducted in a frank and open atmosphere and in the spirit of trust and friendship.

The sides worked to reach understanding. Each has its own interests as well, but they centred at the talks on the main task of common concern, the building of a world without violence or war. The immense constructive efforts made during the visit bore fruit: the voice of reason and realism, and an appeal for a new thinking at a crucial point in

human history sounded from New Delhi. Speaking on behalf of their nations—more than one billion people, or one-fifth of the world population—Mikhail Gorbachev and Rajiv Gandhi called upon the peoples and leaders of all countries to take immediate action to reach a world without weapons of mass annihilation, without wars. "Humanity deserves a better fate than being a hostage to nuclear terror and despair. It is necessary to change the existing world situation and to build a world free of nuclear weapons, of violence and hatred, fear and suspicion," reads the joint Delhi Declaration on Principles for a Nuclear-Weapon Free and Non-Violent World. The Declaration formulates ten basic principles for building such a world.

A nuclear-weapon free and non-violent world calls for concrete and immediate action for disarmament. It can be achieved through accords on the total abolition of the nuclear arms arsenals by the end of the current century; prevention of the placement of any weapons in outer space; a total ban on nuclear weapon tests; prohibition of the development of new types of weapons of mass annihilation; prohibition of chemical weapons and the destruction of their stockpiles; reductions in the conventional armaments and armed forces.

Pending the elimination of nuclear weapons, the Soviet Union and India proposed that an international convention banning the use or threat of use of nuclear weapons should be concluded immediately. This would constitute a major concrete step towards complete nuclear disarmament.

The danger that threatens mankind is grave. But mankind has the power to prevent a catastrophe. "The time for decisive and urgent action has come," the Declaration stresses.

The Delhi Declaration is evidence of the understanding by the two leaders of the great responsibility for ensuring a future of peace for all the peoples that is incumbent upon the Soviet Union and India by virtue of their being world powers. It stems mainly from the peaceable political goals of the two countries and also from their awareness that genuine security can be achieved in the nuclear age only if one thinks not just about oneself but also about others and respects the right of every people and every individual to life, freedom, peace and a striving for happiness. "Roads into the future go through the assertion of a new political thinking, through an understanding of nuclear-space realities, through realisation of interdependences between all countries, and through the conviction that all countries, peoples and states should contribute to building peace and dependable security," Mikhail Gorbachev said in a speech in New Delhi.

The Declaration is a broad and universal programme of action for world peace. The Times of India noted that it strengthens the stand of those forces which want nuclear weapons eliminated by the end of the century. This document alone makes the Soviet-Indian summit historic event, Radio Damascus observed.

The sides attached special attention at the New Delhi talks to the situation in Asia. India is a major Asian power, while Soviet territory takes up more than one-third of the Asian continent and important shipping lanes between the eastern and western parts of the Soviet Union pass through the Indian Ocean, so it is natural that Asian stability and security are a common concern to India and the Soviet Union. A major item on the agenda of the talks was the problem of improving the situation in the region. The militarisation of the Indian Ocean by Washington and its allies is not an abstract problem to the Indians: it worries the country as a whole and every Indian man and woman. Small wonder that a complex of concrete initiatives for the strengthening of military and political stability in the Indian Ocean, put forward by Mikhail Gorbachev in his speech in the Indian Parliament, was given unconditional support. The Soviet and Indian leaders urged a search for ways of ensuring a lasting peace and stability in the region, and called for the dismantling of all the foreign military bases, for the renunciation of the establishment of new ones, and

for the early implementation of the 1971 UN Declaration on turning the Indian Ocean into a zone of peace.

The similarity or identity of the positions of the two sides were also manifest in discussions on a broad range of other international problems. They stressed that the escalation of the arms race, especially Washington's preparations for introducing weapons in outer space (the notorious SDI programme) constituted the main obstacle to the improvement of the world situation. Meanwhile, there are ways of using outer space for very different purposes. Mikhail Gorbachev formulated a Star Peace programme. The Soviet Union suggested as a concrete step that an international space centre be established with the help of the major space powers. It could carry out research and development work by joint efforts to fill orders from developing countries for space technology, such as satellites to survey natural resources.

The potential of trust, cooperation, friendship, interaction and struggle for a nuclear-free world that was built during the talks is immense. What was achieved is yet to be thought over and the international significance of these achievements is great indeed.

The Soviet and Indian leaders also discussed a broad range of issues related to the Soviet-Indian bilateral contacts. They voiced their profound satisfaction with relations of close friendship and comprehensive cooperation, which are characterised by mutual respect, warmth and trust between the peoples and leaders of the two countries. The stable and high level of these relations in the political field is complemented by broad and diverse mutually beneficial cooperation in the economy, trade, science, technology, culture and other fields.

The Soviet Union and India, resolved to carry on and broaden their mutually beneficial contacts, signed in New Delhi another agreement on economic and technological cooperation, the most far-reaching in their history. The Soviet Union will give India assistance in the implementation of a number of major economic projects. Both countries believe that they have a good basis for dynamic long term cooperation well into the next millennium, especially in advanced technology, with a view to accelerating the economic growth of both countries and achieving prosperity for their population.

The Soviet Union and India decided to continue to develop and broaden cooperation in culture, health care, education, the mass media, tourism and sports.

The Soviet mission of peace evoked broad responses from all over the world. Today, when a battle is being waged for the prevention of nuclear war and for human survival, the Soviet Union and India are making their invaluable contribution to it; they displayed a new approach to international problems and set an example of relations between states with different social systems. These ideas keynote numerous reactions to the official visit of friendship paid by Mikhail Gorbachev, General Secretary of the CPSU Central Committee, to India.

The visit lasted a mere four days but its results will live forever in the friendship of the two nations and in world politics.

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**ZIONISM'S PRO-WEST, ANTI-COMMUNIST IDEOLOGY ASSAILED**

Moscow ASIA AND AFRICA TODAY in English No 2, Mar-Apr 87 pp 12-15

[Article by Candidate of Sciences Lionel Dadiani: "Zionist Propaganda--an Instrument of Anti-Communism"]

[Text]

In the acute ideological struggle between the two socio-political systems, the imperialists actively use Zionism, a reactionary force in the present-day world. Zionism is the ideology and practices of the bourgeoisie of Jewish origin. Being a component part of the striking force of imperialism, it pursues, naturally, its own goals as well. This relates both to overall problems in international affairs and to the Middle East conflict which emerged and exists mainly through the fault of imperialists and Zionists. The dual nature of Zionists' foreign policy aims is clearly reflected in their propaganda.

The Zionist propaganda machine, which is lavishly financed and operates not only in Israel but also in many other capitalist countries, functions through close and permanent contacts with the Western mass media. As a matter of fact, Zionist propaganda is a highly important and active component part of imperialist propaganda.

**What Are They Striving For**

The propaganda machine of present-day Zionism is geared toward carrying out two main functions. By means of the most diverse embellishment and vindication of Zionist dogmas, catchwords and political practices of the ruling quarters of Israel and international Zionist centres, it is seeking to neutralise criticism of Zionist ideology and policy, to poison as many Jews as possible in different countries with nationalistic venom, to entice them to take up the banner of Zionism or pro-Zionist positions, and to misinform the world public concerning its true essence and aims.

The second task involves most active participation in the subversive smear campaign launched by world imperialism, with the US in the lead, against

the USSR, other socialist countries, the international communist and workers' movement, developing countries, and democratic and antiwar movements. It also involves actions to advertise the "Western way of life". Taking part in this campaign are a great deal of TV and radio stations, newspapers, magazines, publishing houses and film companies in Western countries, above all the USA, and also a considerable number of bourgeois statesmen and politicians, scholars and writers, workers in the field of art.

First and foremost, Zionist propaganda bends over backwards to "substantiate" the myth about the existence of an extraterritorial "world Jewish nation" with its centre in the State of Israel. While manipulating with this unscientific and false thesis, Zionist theorists and leaders seek to politically lead astray the Jewish population in the USSR and other socialist countries, sowing seeds of national strife, and emigratory and "dissident" sentiments.

Zionist propaganda also goes out of its way to inculcate in the minds of its audience the nationalistic myth about the identity of the concepts "Jew", "Israelite" (i. e., a follower of Judaism), and "Zionist".

The Zionist propaganda machine is highly active in a bid to convince the world public in the "eternal nature of anti-Semitism". In elaborating this false thesis, the Zionists talk about the existence of a certain "Soviet anti-Semitism", "discrimination of Jews" and "defiance" of their culture in the socialist countries. Much effort has also been spent to "substantiate" insinuations about "Arab anti-Semitism", "anti-Semitism of American Blacks", "anti-Semitism of de Gaulle and his proponents", "anti-Semitism of Bruno Kreisky (the former Chancellor of Austria and leader of the Austrian Socialist Party)", "anti-Semitism of the United Nations" and so on.

Much attention in Zionist propaganda effort is given to attempts to portray present-day Israel, whose ruling circles are planning further seizures of Arab lands, as a defenceless "small David" who is threatened by a "bloodthirsty Arab Goliath". Turning everything upside down, the Zionists seek to prove that it is the Palestine Liberation Organisation (PLO) and certain Arab states that act as aggressors, while Israel is allegedly "compelled to look after its security".

They seek to justify state terrorism perpetrated by the Israeli special services and the army (the policy of genocide as regards the Arab population in the West Bank, Gaza Strip and Golan Heights territories occupied in 1967, the barbarous bombings of the atom reactor in Baghdad in 1981 and the PLO headquarters in Tunisia in 1985, the continuous sanguinary raids and bombings of neighbouring Arab

states, the war against Lebanon, assassinations of PLO functionaries in different countries) by hypocritical references to the "need for carrying out preventive actions in the interests of security".

The Zionists need a constant inflow of skilled workers and "cannon fodder" to Israel. That is why Zionist propaganda, aided by the subversive radio stations Liberty and Free Europe, Voice of America, the BBC, Deutsche Welle and other imperialist mass media, regularly impels Jews from various countries, above all from socialist countries, to emigrate to the "land of their ancestors".

Alongside the false assertions that Israel is the "homeland of all Jews", the Zionist and imperialist propaganda centres cultivate theses about "Israel playing a central part in the life of the world Jewry" and about the "double loyalty" of Jews throughout the world, theses that are contradicting the foundations of international law. David Ben-Gurion, the first Israeli Prime Minister, cynically wrote: "This signifies the need to render aid to Israel, whether the government of a country in which Jews are living wants it or not... When we say 'a single Jewish people', we must ignore the fact that it has been dispersed throughout the world and that Jews are citizens of those countries in which they live."

While falsifying the true state of things, Zionists try to create a most attractive image of the "Jewish state", posing it as an "island of democracy", "an egalitarian society", and so on. In their book, **Middle East: The One Hundred Years' War** (1984) the French authors A. Grech and D. Vidal write: "Zionist propaganda depicts Israel as a 'paradise' surrounded by an Arab 'hell'. It shamelessly wipes out of this image all signs of the gangrene which has infected Israel as a result of the wars and occupation of Arab lands. The massacre in Sabra and Shatila, the fascist groups of Gush emunim and of Rabbi Kahane, the diktat of religious extremists, the appointment of inveterate terrorists to the post of prime minister — all these are highly indicative symptoms".

## How It Is Done

The Zionist parties and organisations carry out their propaganda activities on the basis of a certain "division of labour". They maintain permanent contacts with many international and national bourgeois conservative and liberal organisations, while Judaist clericals take part in the activities of different confessional and interconfessional organisations functioning on a worldwide and regional scale, as well as in separate countries, with the purpose of making them pro-Zionist and pro-Israeli.

The Social-Zionist Labour Party of Israel (MAI) pursues this policy within the Socialist International.

The pro-Zionist indoctrination of some more left forces in the international working-class movement and of the "new left" quarters is carried out by the Israeli "Left-Socialist" party MAPAM and its branches in other countries. The Israeli trade-union centre Histadrut, guided by Social-Zionists, carries out propaganda work in favour of Zionism and the Israeli ruling circles within the International Confederation of Free Trade Unions and trade-union associations of many countries, making every effort to establish contacts with trade unions in some developing countries.

While greeting the 27th CPSU Congress, Meir Vilner, General Secretary of the Central Committee of the Communist Party of Israel, noted that today Israel's ruling circles have been "increasingly whipping up a rabid anti-Soviet campaign". On the whole, international Zionism has invariably been a most active participant in almost all provocative and slanderous anti-Soviet and anti-communist actions staged by the imperialists. For example, in alliance with all other reactionary forces, Zionists are trying to restore the cold war atmosphere in international relations, making use of concoctions about the "Soviet threat", "violation of human rights" in the USSR and other socialist countries, "the support by Moscow of international terrorism", and so on.

Together with other anti-Communists, the government of Israel and the Zionist centres made every effort to torpedo the Helsinki Conference on Security and Cooperation in Europe, and frustrate the meetings of its participants in Belgrade, Madrid and Stockholm. The Zionists took an active part in a coordinated anti-communist and anti-Soviet campaign aimed at thwarting the conference of experts on human rights in Ottawa (May-June 1985).

Like other right-wing forces, the Zionist and pro-Zionist elements claim that international detente "is tantamount to clearing the way for global domination by the Soviets". They accuse the US administration of being too "soft and moderate" in its relations with the USSR and of allowing "America to lag behind" in the military sphere. Acting in unison with other extremely anti-Soviet forces, the Zionist upper echelon encourages the Reagan administration to pursue an even tougher and more aggressive policy both in the Middle East and elsewhere.

International Zionism and Israeli rulers spare no effort to slander and distort the essence of the Soviet Union's Middle East policy, which has been aimed at attaining a just and durable peace in this explosive area in the interests of all peoples and countries.

Zionist propaganda declares slanderously that the Soviet Union allegedly seeks world dominance, pursues a "foreign policy traditional of tsarism" in

the Middle East, "destabilises the situation in the region", makes use of the Israeli-Arab conflict "for successful penetration" of the region, and seeks to eliminate the state of Israel. Zionists declare Palestinians to be "agents of Moscow", and so on. With the help of lies and falsifications, the Zionist leaders are trying to deceive and lead astray the ruling circles of "moderate" Arab states.

This is all aided, to a certain extent, by the fact that Zionists and pro-Zionists hold influential and sometimes key posts in such mouthpieces of the cold war as the Liberty and Free Europe radio stations. Quite a few Zionists and pro-Zionists operate in editorial offices and studios of the Voice of America, the BBC, Radio Canada, Deutsche Welle, Radio Sweden and in the foreign broadcasting companies of other Western countries. All broadcasts of the Voice of Israel station are devoted to Zionist propaganda of anti-Sovietism and anti-communism.

Zionist and pro-Zionist "theorists" play an important and sometimes leading role in elaborating and renewing pseudo-scientific concepts whose aim is to falsify the ideology of Marxism-Leninism, the domestic and foreign policies of the Soviet Union and of the entire socialist community. Zionist ideologists spare no efforts to assist the imperialist centres in designing new ways for conducting ideological subversion.

A ramified propaganda network of the basic Zionist centres serves the purposes of "psychological warfare". It includes the World Zionist Organisation — the Jewish Agency for Israel and the World Jewish Congress. As a matter of fact, organisations which formally claim to be "non-Zionist" but are actually very close to Zionism such as the masonic B'nai B'rith, the American Jewish Committee, the American Jewish Congress, the American Jewish Forum, the Universal Israelite Alliance (with its headquarters in Paris), the Board of Deputies of British Jews, the South African Jewish Board of Deputies, the United Service HIAS (Hebrew Immigrant Aid Society) and a whole number of others actually take the same stand.

Important roles within the system of Zionist propaganda organs are played by the Jewish Telegraphic Agency, which issues an information bulletin five times a week; the World Zionist Press Office, set up in 1968 at the information department of the World Zionist Organisation; and the Jewish Student Press Office.

Israel, ruled by Zionists, has long become one of the centres of anti-communism and anti-Sovietism. "Anti-Sovietism," stresses Meir Vilner, General Secretary of the Central Committee of the Communist Party of Israel, "is the most dangerous poison in our country, more dangerous than the poison of anti-



Arab chauvinism and militarism. It is the main instrument of reaction in its struggle against socialism and peace."

Apart from numerous government bodies and local branches of international Zionist centres, a whole number of pseudo-public propaganda organisations operate in Israel carrying out dirty campaigns of anti-communism and anti-Sovietism. Among these organisations are the Israeli Council in Defence of Soviet Jews, Association of Immigrants from the USSR, Maoz (Stronghold), Prisoners of Zion from the USSR, the Academic Committee in Defence of Soviet Jewry, Information Centre on Soviet Jewry, and so on.

Among the thirty Israeli "research" institutions working to whip up anti-communism and anti-Sovietism there are the Centre for Soviet and East European Research and the International Centre for the Study of the Anti-Semitism at the Hebrew University (Jerusalem), the Institute for Soviet and East European Studies at Tel Aviv University, the historical and memorial museum—institute "Jad Vashem", the Jonathan Institute on International Terrorism (Jerusalem), the Institute of Sovietology at Bar-Ilan University, the Israeli Research Institute of Contemporary Society, the Israeli Association of Slav and East European Research, and so on.

In 1956, an "agency for news from Eastern Europe" was set up in Israel. The "news" it produces is used widely by the USIA, Liberty, and Free Europe radio stations, as well as by a number of reactionary publications in the West. In February 1985, Israeli Prime Minister Shimon Peres sent a letter to US President Ronald Reagan containing the consent of the Israeli government to build on the territory of Israel a powerful transmitter for the Voice of America in order to increase the number of broadcasts to the Soviet Union and other countries of the socialist community.

### **In the Same Team with Washington**

Unbridled anti-Soviet and anti-communist propaganda is carried out today not only by Israel, but also by international, regional and "national" Zionist centres, in particular by their special organs, whose task is to whip up "psychological warfare" and implement various subversive acts against the USSR, other socialist countries and the world communist movement. In the main citadel of imperialism, the USA, dozens and hundreds of large and small Zionist organisations are in operation. They specialise in slander and insinuations against real socialism, seeking to sow seeds of national strife in the USSR and cause nationalistic and religious "booms" and the "erosion of socialism". Here the tune is set by

the notorious National Conference in Defence of Soviet Jews, established in 1970 on the basis of a similar subversive organisation which had existed since 1964.

The National Conference in Defence of Soviet Jews has branches in 200 cities of the USA. It is engaged, on a large-scale, in "collecting" slanderous materials to discredit Soviet foreign and domestic policies, stages different anti-Soviet actions, in particular "demonstrations of protest" against the development of economic, scientific and cultural ties between the USA and the Soviet Union, and brings permanent pressure to bear on the pro-Israeli Zionist lobby in the US administration and Congress. Moreover, influential lobbyist organisations closely cooperate with the Conference. These include the National Jewish Community Relations Advisory Council, which claims to lead the entire Jewish population in the USA; the Conference of Presidents of Major American Jewish Organisations, which maintains close contacts with the White House, the State Department and other important agencies of the US Administration; and the American Israel Public Affairs Committee, which exerts regular pressure on the US Congress.

Among the American academic community, one of the most active organisations carrying out anti-Soviet pro-Zionist activities is the Academic Committee in Defence of Soviet Jewry. It specialises in spreading false rumours on the alleged discrimination of Jewish scientists in the USSR. Another organisation, Students Struggle for Soviet Jewry, seeks to inculcate anti-Soviet sentiments among young Jewish students. The clerical organisation, Al Tidom (Don't Be Silent), carries out similar activities among American Orthodox Jews. Zionist storm-troopers, fascist thugs from the Jewish Defence League, Jewish Armed Resistance, and the Jewish Direct Action, with the complete connivance and actual support of the official authorities, broadly resort to terrorist and provocative actions against Soviet citizens in a bid to complicate US-Soviet relations.

The above-mentioned and similar organisations (the analogous agencies can be found in Israel and a number of Western countries) regularly hold provocative "months", "weeks", and "days" of "solidarity with the Soviet Jews", hold different "conferences" and "symposia" at which, assisted by other anti-communist and anti-Soviet elements, they exaggerate, in every possible way, the non-existent "Jewish problem in the USSR". The noisiest "conferences" of this type were organised in Brussels in 1971 and 1976 and in Jerusalem in 1983. The sponsors of these anti-Soviet medleys believed they would yield tangible political and propaganda dividends. However, they were a failure. The "conferences" were condemned by the world public at

large, including a number of Jewish organisations. As for the "conference" in Jerusalem, even the bourgeois press gave it practically no attention whatsoever since today there are few people in the world who believe the falsehoods about "Soviet anti-Semitism".

Zionists and pro-Zionists go out of their way to make broad use of a number of international and national organisations set up by imperialist circles. These organisations include the anti-communist Committee for a Free World, set up in 1981; the Interparliamentary Group on Human Rights in the USSR (1984); the Committee on the Existing Danger, operating in the USA since 1976; and many others.

Continual intensification of anti-Soviet and anti-communist propaganda by world Zionism today, its increasingly active participation in the "crusade" of the Reagan administration against existing socialism is primarily a result of the Zionists' class hatred for the world's first state which ended the exploitation of man by man and democratically solved the so-called Jewish question (as well as the nationality question in general). They feel ferocious anger toward the invariably principled policy of the USSR aimed at giving all-round aid for the national liberation struggle, including the struggle waged by the peoples of the Arab East, at rendering full support to the victims of Israeli aggression, seeking a just settlement of the Middle East conflict in the interests of all peoples and countries of that region, and establishing a sovereign Palestinian state.

The subversive activities of Zionism against the USSR, the socialist community and the world communist movement are nothing but a form of reward to the imperialists for their tremendous financial aid and constant military, political and economic support to Israel.

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'NEOCOLONIALISM' BLAMED FOR AFRICAN AGRICULTURE, FOOD PROBLEMS

Moscow ASIA AND AFRICA TODAY in English No 2, Mar-Apr 87 pp 16-19

[Article by Aristakes Barseghyan: "Neocolonialism and Hunger"]

[Text]

**T**wenty-four African countries, whose combined population totals 150 million, are still recovering from the gravest food crisis, generated by severe drought.

African fields are now devastated by a new disaster—the invasion of locust. Furthermore, it appears that weathermen are forecasting yet another drought. Huge masses of people are suffering and dying of starvation and diseases caused by malnutrition.

And yet, is it the elements alone which are to blame? Our planet produces food in quantities which are more than enough to provide for normal nutrition of all its inhabitants. Why, then, should the vagaries of nature affecting certain areas, large as they may be, lead to tragic consequences? Yet, according to the World Food Council, more than one billion people are undernourished in the developing countries, while tens of millions die of hunger each year.

In the summer of 1984, a regional conference of the UN Food and Agricultural Organisation (FAO) was held in Harare, the capital of Zimbabwe. Representatives from 40 African states were in attendance. It was stressed at the conference that archaic social and economic structures and low labour productivity in the countryside are the chief reason why food production in Africa invariably lags behind the high rates of population growth.

But behind this reason lies a deeper cause, viz., the long colonial domination of imperialist powers in the past, their present-day resistance to progressive social changes in the newly-free countries and stepped-up exploitation of peoples, including African, due to neocolonialist practices.

## Asymmetry of "Food Interdependence"

When they refer to relations between developed and developing countries within the system of world capitalist economy, Western economists (in particular those dealing with agricultural problems) avoid terms such as "exploitation" and "inequality", and prefer to speak of "interdependence". We give you grain, they say, you give us bananas and coffee, and so we get along together, supporting one another. At a closer look, however, this "interdependence" appears very asymmetric.

African countries are mostly agrarian. But alongside food grown for their own consumption, they produce, as a rule, large quantities of foodstuffs for export to Western Europe, America, and Japan. Historically, African agriculture is geared to accommodate the world capitalist market rather than to satisfy national needs. Formally, sellers and buyers there are equal, but, in reality, the terms of farm produce exchange are far from being equal for developed and developing countries.

The range of "tropical products" exported to the West (they will be named below) is rather wide, but these are not commodities of decisive importance to the process of reproduction. Their aggregate value and role in today's economy cannot be compared with that of, say, oil or manufactured goods exported by the industrial countries. The latter spend but a trifling part of their foreign exchange to buy commodities from the developing world. In 1980, for instance, imports in the industrial capitalist states totalled \$ 1,343 billion. Their imports of agricultural raw materials from developing countries was valued at about \$ 12 billion, or 0.9 per cent of the total, while food imports accounted for \$ 37.3 billion, or 2.8 per cent. This adds up to a total of 3.7 per cent for both groups of commodities. Thus, even substantial price fluctuations or disproportions in deliveries have practically no effect on the economies of importing countries.

But in the economies of developing countries, including African, export of the above commodities plays an important and sometimes key role. Most of African countries get more than half of their foreign currency earnings through this export, and some of them depend almost entirely on the export of one or two agricultural items. In Ghana, for instance, cacao accounts for 70 per cent of its foreign trade earnings.

So, there is a clear contradiction between the relatively insignificant role played by farm produce purchased in Africa for the process of reproduction in the West and its exceptional importance for the economy and people's living standards in the producer countries.



Monopolised control over the turnover of the above export commodities is another factor which figures even more importantly in the asymmetry. The share of exports controlled by the transnationals is as follows: coffee and cotton—85-90 per cent; tobacco—75-90 per cent; cacao and tea—85 per cent; and bananas—70-75 per cent. The monopolies also control commercial food supplies to Africa: 85-90 per cent of wheat and 100 per cent of ready-for-use products, such as canned products, factory-made semi-processed products and baby food.

It is evident that formal seller-buyer equality conceals the capitalist giants' diktat vis-à-vis scattered and isolated farm producers in Africa and the consumers of food supplied there from the West.

### **Ruinous Specialisation**

African countries' specialisation in producing export agricultural commodities was at one time imposed on them by the colonial powers and later became self-sustained. Today, the imperatives of foreign trade with the centres of world capitalism, above all the need to finance their own development, compel these countries not only to continue producing agricultural commodities (which are used neither as foodstuffs by the local population, nor as raw materials by national industries), but also to increase their output. This specialisation severely affects the food situation in Africa.

Export crops take up a considerable part of best arable lands in the developing world. Some African states nationalised land plots and plantations once owned by foreigners, but this has not radically improved the situation.

Food in Africa has always been produced by the traditional sector, in the natural and semi-natural economies. As capitalist relations developed, however, food was increasingly turning into a commodity. This meant that agricultural commodities acquired prices and agricultural production received a comparison criterion, namely profitability. This criterion is now invariably used for comparison when using land to grow export-oriented crops or crops intended for local food production. Solvent demand in these two cases is different: needy African masses can only afford cheap foodstuffs, whereas the purchasing prices of "colonial goods" (which are at the very least paid by the West in foreign currency) are guaranteed by the nation state. This puts the producers of food for the local market in a much less advantageous position as compared with those who grow export-oriented crops, and so the former are increasingly tempted to follow suit.

At the same time, agricultural commodity export is in fact becoming increasingly ruinous, although it is called upon to provide African countries with foreign exchange needed to modernise their economies, speed up economic development, raise the people's living standards and, particularly, buy food in the world market. The bigger the share of these commodities in a state's export, the greater its dependence on uncontrollable market fluctuations in developed capitalist countries.

If viewed from the standpoint of the dependence of African economy on the reproduction process in the West, exported agricultural produce falls into three groups: commodities which are exclusively or almost exclusively produced by developing countries (coffee, cacao, tea, bananas, groundnuts, spices, copra, jute); commodities which compete with their Western analogues (sugar, olives and other oil-bearing crops, rice, tobacco, fruits, citrus fruits, wine); and commodities which have synthetic industrial substitutes (natural rubber and cotton). Economic shifts in capitalist countries affect the three groups differently.

The first group is characterised both by a long-term trend toward stagnant demand (in 1978-1981, the world consumption of cacao, for instance, was 1487 thousand tons on the average, as against 1520 thousand tons in 1972-1975, i.e., it dropped two per cent); and also by a short-term trend toward unstable consumption and price fluctuations, not only annual, but also monthly. In addition, the economies of exporting countries are adversely affected by ups and downs in the level of production of these commodities, depending on weather conditions and natural calamities. At times the variance is very great, amounting to a 2.5 times difference between maximum and minimum levels.

As regards the second group of commodities, African countries are harmed most by the increased production of competing products in the West, where labour efficiency is higher and markets are closer. They are also negatively affected by high protectionist duties, particularly on olive oil from the Maghrib countries, to stimulate the sales of similar products from Greece, Italy, Spain, and France.

Finally, the development of ever new types of synthetic fibre and natural rubber substitutes, chemical dyes and other modern materials holds down world demand for technical agricultural commodities produced in Africa and affects their prices.

As a result, African countries exporting farm produce sustain growing losses. In the 1970s, their real earnings from physically increasing agricultural exports dropped 7 per cent. Yet, they have to pay more and more for manufactured goods and foodstuffs imported from the West. This is a serious cause

behind the growing debt of African and other young nations, which is turning into an effective lever of neocolonialism.

### **The "Trojan Horse" of Food Aid**

African countries are becoming increasingly dependent on the inflow of food from the outside world. Specifically, in the early 1970s they imported 5.1 million tons of grain annually, whereas in the early 1980s the figure rose to 15.4 million tons. The ratio of grain imports and national production was 27.2 to 10.5 per cent. In some countries grain imports constitute the basis of their food supplies. A growing food dependence trend, which is becoming an important aspect of the neocolonialist relations the newly-free countries are now enmeshed in, has taken on a hypertrophied form virtually throughout the African continent. Apart from grain, they import milk and dairy produce, meat, sugar, etc.

A certain portion of food supplies comes to Africa in the form of "aid" provided by the imperialist countries. Although the terms of payment in this case are easier as compared with deliveries made on a commercial basis, in both cases the recipients are faced with negative consequences (of course, emergency relief aid to famine-stricken people is not meant here). Food imports, and, even more so, regular food aid are turning into a constant factor hampering national food production since local food producers are in fact involved in a hopeless competition with the highly efficient agriculture of North America and Western Europe. As applied to certain African countries, there is a connection between the scale of grain imports and that of migration from village to town. As Soviet economist L. Knyazhinskaya noted, "food imports disorganise the development of agriculture in the newly-free countries and hold back agrarian reforms which are long overdue".

Food imports do not automatically improve the diet of those who suffer most from undernourishment. As distinct from local food, imported foodstuffs reach the sphere of consumption exclusively by way of selling and buying. But huge masses of Africans have miserable sums at their disposal, if any. As a rule, the government is compelled to substantially subsidise food prices to make them at least minimally affordable for the poorest sections of the population. This gives rise to a vicious circle: government finance resources (meagre as they are in most cases), instead of being invested in the development of national food production, are used to finance food imports which only profit Western food suppliers and all types of local middlemen, rather than provide enough food for the poorest. It is no

secret that those lining their pockets on foreign aid distribution often are influential people, including government officials, who become interested in perpetuating such a situation. "Food neocolonialism" builds up a social basis to rely on in Africa itself. The US experts G. Lappe and J. Collins wrote that in the sphere of agrobusiness, under the banner of food "interdependence", the transnational corporations are engaged in creating a global agricultural system to carry out an integrated control over all the production processes, from farming to consumption. If they are a success, then, like the oil monopolies, they will be able to effectively manipulate deliveries and prices on a worldwide scale, resorting to monopolist practice well-rehearsed at the national level in the US.

Western food aid has indeed become a "Trojan horse" for the economies of African countries: it is this aid that played not the least role in stifling the production of cheap local food, making it vitally important to further increase the commercial imports of foodstuffs. Political and sometimes military strings attached to this aid (albeit not always visible) also determine its neocolonialist nature. The imperialist powers, primarily the United States, make wide use of the "food weapon" against African countries. Referring to it, Lester Brown, a noted US specialist in this field, once remarked rather cynically: "For the United States, it is not whether food may serve as a weapon, it is rather how this weapon can be used best to serve our interests."

### **For Food Self-Sufficiency**

African and other newly-free states are faced with the top-priority task of achieving maximum possible food self-sufficiency, which is a prerequisite for getting rid of neocolonialist dependence.

This involves a set of complex and intertwining social, technical, economic, financial and other problems. For this reason it would be a very difficult task indeed, if not a senseless endeavour altogether, to try and offer simple and clear-cut recommendations as to how these problems could be solved. It is clear, for instance, that African countries, no matter how ardently they may wish to do so, cannot give up all food imports overnight. Yet it is no less clear that it is in the production sphere, rather than the commercial sphere, where the foundation for overcoming the food crisis should be laid.

World science and technology have enough resources to drastically increase food production in the developing countries, including African. To utilise this potential, the overwhelmingly archaic "food" sector of agriculture should be restructured and modernised. But this should not be done at the ex-

pense of export-oriented agricultural products but rather in conjunction with its parallel development. Otherwise many developing countries would lose their main source of foreign exchange needed both for industrial development and, in particular, for the technical re-equipment of farming and cattle-breeding. Only one logical conclusion can be made: outdated structures in the countryside must be drastically changed and the labour productivity of the traditional peasantry raised.

But experience has repeatedly shown that capitalist evolution of the countryside invariably ruins small holdings and increases social inequality. The deeper the gulf between the rich and the poor, the more acute the food problem, given the equal quantity of foodstuffs in the country. Another path of development would seem to be more preferable: peasant cooperation combined with state-regulated distribution of foodstuffs in short supply, under strict democratic control over the measure of consumption. And here we enter the sphere of political solution of questions concerning the general orientation of social development.

A progressive orientation in and by itself presupposes the above changes, as well as a consistent struggle for equitable terms of food exchange on the world market, the use of foreign aid without detriment to national sovereignty, without increased dependence and without "hunger blackmail". It also presupposes a gradual (gaining momentum with time) re-direction of the resources now spent on food imports ("food money") to boost national agricultural production. And finally, it is only a revolutionary-democratic regime that is capable of taking most effective measures in the emergency situation of a natural calamity.

Seeking to neutralise the "food weapon" of imperialism and assist African and other developing countries in ensuring their food self-sufficiency, socialist countries cooperate with them in building major hydrotechnical projects and agro-industrial enterprises, in developing livestock farming and fisheries, in training personnel for agriculture. They back up their call for establishing a new international economic order which, among other things, would rid the developing countries of the arbitrariness of neocolonialist "well-wishers" who try to line their pockets on hunger.

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REPORTER RECOUNTS VISITS TO AFGHAN VILLAGE, COUNTRYSIDE

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[Report by Igor Dyomin: "Changes in the Provinces"]

[Text]

Life in Afghanistan today is full of contrasts. While Kabul and other large cities boast enterprises equipped with the most up-to-date machinery, elements of the subsistence economy still exist in remote villages. It is with difficulty that the new and the advanced gains ground. For ancient traditions and a patriarchal relationships have left their mark on the mentality and behaviour of Afghans. And reactionary forces, the enemies of the Afghan revolution, are capitalising on this.

We were invited to visit a big village where the local authorities had carried out a land reform and set up a home guard. The Afghan comrades wanted to acquaint their Soviet colleagues with village life and the accomplishments they had made.

A meeting was held in the village square. A provincial official was the first to address it. He spoke of what the new life promised. Then villagers spoke. The majority of them condemned the atrocities committed by the dushmans (counter-revolutionary cut-throats) who kept life from being normalised in the province. The peasants thanked the people's government for the land and water it had given them.

And only a few spoke against the land reform as contradicting Allah's will, about the sacred immutability of private ownership of land or threatened divine punishment. Oh well, this only goes to show that old ways of thinking are slow to disappear.

The village gathering plays a big role in rural Afghanistan. True, the collective decisions are not always the result of sober analysis. Sometimes they are adopted on the spur of the moment, in the wake of an emotional speech by someone who knows how to exploit the weaknesses or religious sentiments of his listeners, the low level of their political consciousness and loyalty to tradition. It is an open secret that dushman leaders use this method, not without success, and cultivate among the ignorant, illiterate and religious inhabitants of the country's remote parts an image of themselves as traditional leaders and the protectors of the old traditions.

Playing on the strings of the Afghan peasant's world view and intimidating him with the threat of punishment, they force the local population to provide them with food, firewood, water, to carry loads for them and supply them with recruits. Without this assistance the rebels could not have held out for long. That is why the struggle against the enemies of the revolution is first and foremost a painstaking, day-to-day struggle to change people's consciousness.

After the meeting we were invited to the village elder's home. There we were served pilaf, fruit, tea and unleavened flat cakes, while musicians performed national tunes. After the meal the provincial official suggested taking a walk round the village and seeing how Afghan peasants live.

At first the villagers seemed wary. Only children accompanied us from house to house. But the ice of mistrust quickly melted. An exchange of opinions began. The peasants started offering their guests grapes and tea.

The biggest buildings in the village are the three mosques. Every house is surrounded by a blank mud wall. Behind this lies a courtyard where the livestock is kept and the family's life goes on, unseen by outsiders. Most of the houses are one-story and made of unbaked brick. Adjoining the inner side of the wall are sheds for stores and implements.

The homes we visited (apparently not the poorest households) boasted Hong Kong china and large dishes for pilaf and fruit. Inexpensive carpets decorated the walls and floors. There was no furniture except for the occasional low-standing simple wooden table. Afghans sit, eat, converse with guests and sleep on the floor. Among the home-made implements you can see large three-pronged forks with handles made from a single tree trunk and wooden hoes. Every household has an abundance of clay pots of every size. Rice, grain, red pepper and groats are kept in them. In the courtyard there is a circular hole in which unleavened bread is baked.

Books and, of course, the Koran (sometimes more than one), carefully wrapped in pieces of cloth, could be seen in every home. One villager even had an ancient mystic manuscript with a tattered cover containing puzzling drawings. Most Afghan peasants are illiterate and therefore incapable of reading the books they have, the more so the Koran which is written in Arabic. So for Afghans books usually serve as family relics and talismans.

When a devout Afghan leaves on a long journey he takes a small Koran with him.

After this excursion we returned to the home of the elder, the *kalantar*. He told us about the problems the village has had, cited figures and facts. Because of the surrounding mountains arable land was scarce. So livestock constituted the villagers' main asset. The desert has taken over the land that once belonged to the landowner, who has fled to Pakistan. The irrigation installations have been neglected.

Peasants fear that plundering dushmans will take away the fruit of their labour and this is one of the obstacles to expanding the output of agricultural produce. The peasant often tries to produce only the bare necessities for himself and no more. If he does have a surplus, he will immediately try to barter it away for something of use to the household.

The official from the provincial authorities has suggested to the village elder and his assistants that they set up a public fund so that they could employ a teacher, buy textbooks, medicines, seeds and tractors. The state is prepared to provide a loan, with individual villagers donating the rest of the fund. But the elder and his assistants were in no hurry to respond to this proposal. It has never been customary in an Afghan village for the community to provide money for the support of people useful to it, such as teachers or doctors.

The need to supply the state with farm produce at fixed prices cropped up. The elder and his assistants accepted the arguments put forward. Yes, the state and the people's army need food. A normal economic life for the country and victory in the long run over the counter-revolutionary forces depend in many ways on uninterrupted deliveries of food.

The village leaders nodded their heads, plucked at their beards, but were in no rush to come up with an answer, for some hoped to sell their produce at the market for triple the price. It is difficult for peasants to overcome the petty owner mentality. Age-old traditions disappear slowly. Now it often happens, though not everywhere as in the past, that standing crops are bought up or seized in payment for debts, leaving the peasant with little hope of breaking out of the vicious circle of poverty and rightlessness. The harder he works the more the rich neighbour takes away from him. Moreover, this rich neighbour often sympathises with the dushmans with whom he has ties. True, the development of cooperatives is hurting usury, but the holdovers of this social evil are far from gone.

No matter how backward the Afghan peasant's farming operation was before the period of revolutionary change and regardless of the extent to which this backwardness survives at present, he cannot be totally isolated from the market. He must buy at least some such necessities as soap, matches, kerosene, salt and sugar. But the dushman gangs have by their activities isolated many remote villages, cut them off from the mainstream of life. Their populations have been forced back into a medieval way of life, without electricity and kerosene, sometimes without soap, salt, sugar and matches.

I once visited Dharant, a small town on the Kabul-Jalalabad road noted for its hydro-electric power station and big reservoir. The summer residence of King Zahir Shah was once there. An excellent park and flower beds remain as reminders of that past. On the day I was travelling there, endless camel caravans trudged along the road, hewn in the midst of the hills. The nomads had firewood, which they intended to sell, and flocks of sheep with them. The loud shouts of the shepherds mingled with the melodious sounds of bells. Shaggy black dogs the size of hefty calves plodded along lazily in the roadside dust. The camels also carried tents and copper cauldrons. The nomads did not pay the slightest attention to our solitary armoured car.

There was a market-place at the foot of the mountain ahead. Firewood was weighed on big scales there, sold and loaded onto archaic (they really belonged in museums) cars converted into trucks. Their wooden sidewalls covered with

intricate carving. There are hardly any forests in Afghanistan and firewood, sold by weight, is expensive. Livestock was also on sale.

The correspondent wanted to have a talk with the drivers who had brought the firewood. So the entire party got out of the armoured car, and headed for the noisy crowd.

"Ssalamu aleikum," the interpreter began. "This Soviet correspondent would like to talk to you. Tell him about yourselves. Maybe some of you would like to say something to Soviet readers?"

Exclamations, words of welcome and friendly handshakes followed. The Afghans formed a tight circle around us and started speaking all at once. They spoke of the April Revolution, the dushmans, their work, at times hazardous, and prices. Finally the oldest of them, an imposing man of about 40, began to speak and all the others fell silent.

"We support the people's government. It is doing a lot for us, providing people with work, housing, schools and hospitals. We thank the Soviet people for their great economic and military assistance. Your soldiers are fighting shoulder-to-shoulder with our soldiers for Afghanistan's freedom and we thank the Soviet people for that."

The driver said that he and his comrades were transporting state freight, firewood. The state procures, transports and distributes firewood, which is in great demand. Private owners of vehicles are also drawn into this work.

A small man of uncertain age popped out of the crowd and presented us with a package, apparently a gift from all the drivers. It contained about three dozen small eggs, probably quail. It is an Afghan custom to give a present to a person you like, who may be of service to you. In fact, even a single walnut can serve as a present if a man is poor and has nothing else to give.

From Dharunt we drove on to the Jalalabad oasis. Jalalabad ranks second after Kabul among the towns in Afghanistan where revolutionary change has struck the deepest roots. Quite a few of the local merchants and craftsmen are Indians — followers of Hinduism and Buddhism — and this adds to the patchwork ethnographic picture of the country.

Jalalabad is a major commercial centre. Firewood, vegetables, straw and livestock are brought to the local market from surrounding communities. Convoys of heavily loaded trucks depart for Pakistan, the border being only 70 kilometres away. On the return journey they bring consumer goods and auto spareparts. Politics is politics and trade is trade. Despite Islamabad's hostile, anti-Afghan policy and support for the dushmans, influential business circles in Pakistan are interested in uninterrupted trade with their northern neighbour.

It is not always smoothgoing. For instance, a big consignment of portable Japanese radio transmitters was confiscated recently. Intended for the counterrevolutionary bands, the transmitters were disguised as toys.

The shoots of a new life and the revolutionary spirit of creativity are felt everywhere in Jalalabad. There young people with books and briefcases can often be seen hurrying to classes. Frequently these young people have to put aside their books, take up a submachine gun and go on patrol as members of the local home guard. It is not always quiet in the province. But life goes on. And the future, as all honest Afghans believe, belongs to the people's government and to the working youth who thirst for knowledge.

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ISRAELI 'VIOLENT' POLICIES TOWARD OCCUPIED TERRITORIES SCORED

Moscow ASIA AND AFRICA TODAY in English No 2, Mar-Apr 87 pp 61-64

[Article by Irina Zvyagelskaya, Candidate of Historical Sciences: "Infected with Violence"]

[Text]

Hardly a day passes without fresh reports of atrocities perpetrated by Israel on occupied Arab territories; be it an attack on an anti-Israeli demonstration accompanied by the beating and arrest of its participants or wholesale raids of the Arab quarters of Jerusalem, artillery fire against civilian settlements in Lebanon or acts of genocide against the inhabitants of the occupied lands. So there is ample evidence of arbitrariness and violence carried out by the invaders on direct instructions from Tel Aviv.

The aggressive course the Israeli rulers pursue continues to be the major cause of persisting tensions in the region, bringing about a number of highly negative phenomena inside the country. As political forces become increasingly polarised in Israel, right-wing extremist parties and groupings are becoming ever more active and the society's tendencies towards fascism ever more obvious.

These dangerous processes have deep-seated roots. The Zionist ideology of the Israeli rulers is the backbone of their policy towards unbridled territorial expansion and military superiority over the Arab states stirring the desire to dictate their will to the neighbouring states. Israel's struggle against progressive Arab regimes and movements, coupled with heightened anti-Communism and anti-Sovietism in its policy, has lent special poignancy to the confrontation in the Middle East. By signing the "strategic cooperation" agreement with Washington, the Israeli rulers have officially confirmed their participation in the US anti-Soviet strategy on both a global and regional scale.

Whipping-up military hysteria, anti-Sovietism and chauvinism is objectively conducive to the activity of ultra-right Zionist groupings and morally cripples Israeli society. The political situation inside the country has, of late, been noticeably affected by two factors, namely, the continuing occupation of Arab lands seized in 1967 and the consequences of the war in Lebanon.

The unexpectedly sharp reaction of the Israelis to the invasion of Lebanon had its roots in all likelihood in the very nature of the military operations. This time official propaganda failed to convince the public that problems of Tel Aviv's "security" were settled in Beirut and that the very "survival" of Israel was at stake. The trite clichés produced no effect, nor did the pseudo-patriotic appeals to the population's nationalistic sentiment procure wide support for the military campaign. The true nature of the Israeli soldiers' actions in Lebanon—repressions, terror and punitive operations—was only too obvious to everyone. The effect on Israeli society was profound. On the one hand, the aggression against Lebanon gave fresh impetus to the anti-war movement in Israel. In the course of military operations, forces of diverse political leanings (with the exception of patently right-wing elements) were attracted to its ranks. Tens of thousands simultaneously took part in demonstrations and rallies calling for an end to the "dirty war" and 400,000 took to the streets with demands to set up a commission to investigate the circumstances of the massacres in the Palestinian camps of Sabra and Shatila.

The Communist Party of Israel launched a vigorous campaign to rally true Israeli patriots and was the first and only political party to denounce the adventure in Lebanon in the Knesset, calling for an immediate end to it. The Party made efforts to set up a broad anti-war front and was directly involved in the establishment and work of the committee against the war in Lebanon.

The war caused aversion to bloodshed among a considerable section of the Israelis and triggered the civic sentiment and responsibility. Shame for what had been done prompted a group of Israeli servicemen to refuse decorations for the "exploits" performed on Lebanese soil. Apparently similar considerations led the family of an Israeli soldier who had fallen in Lebanon to demand from the government that there should be no mention on his tombstone of their son "distinguishing himself" during the Lebanese operation.

On the other hand, the Lebanese adventure masterminded by the Begin-Sharon cabinet bred a sense of impunity and permissiveness among those directly executing military orders and gave vent to their animal instincts. Indeed the overwhelming majority of officers, soldiers and reservists (who in civilian life were probably considered decent people incapable of cruelty) performed orders without giving them much thought: they dropped phosphorus and suction bombs on Beirut quarters, forced women and children seeking escape back to the gore of Sabra and Shatila, guarded the Al-Ansar concentration camp and beat up the captured Palestinians and Lebanese. After going through the Lebanese school of killing, those "heroes" returned home...

The Lebanese adventure resulted in soaring crime rate in Israel. According to the Minister of Police, the number of crimes in the country increased by 18 per cent, with serious offences, including robbery and murder, rising by 40 per cent. Some of the lads who had "smelt gunpowder" found civilian life boring and devoid of emotions and sought to revive the

poignancy of their Lebanese experience. It is not surprising that in only one month of 1985 more than 500 soldiers demobilised from service in the occupied territories were sentenced for various crimes committed in Israel. Needless to say, these shameful statistics do not include those who managed to escape trial.

The situation is aggravated by the fact that Israel is virtually brimming with arms. About 180,000 Israelis have licences to carry arms and any citizen (of course, only of Jewish descent) who has no criminal record can obtain such a licence. All he must do is declare that his vocation calls for frequent visits to the occupied territories or for his presence in border regions. Despite the availability of official channels, arms are often stolen from army depots with the aim of being resold, which has become a profitable business.

The annexation of the occupied Arab territories, first and foremost of the West Bank and the Gaza Strip, also contributed to the growing crime rate in Israel and to the consolidation of the right-wing extremist forces. The past few years have seen a trend towards the Israeli occupation policy being further toughened in those regions. Attempts to "pacify" the local Arab population, that is, a search for compromisers willing to collaborate with the invaders and the setting up of the so-called rural leagues (pro-Israeli organisations which Tel Aviv intended to put in control of the majority of the population of the West Bank and Gaza Strip villages) met with failure. The introduction of the "civilian administration"—announced as a new screen for the occupation regime—did not mend matters much. As before, the military, dressed in civilian clothes, continue to run the show.

Punitive operations, mockery and arbitrariness, as a common practice encouraged by the Israeli authorities in the West Bank and Gaza areas, are perpetrated by those Israeli citizens who serve out their active duty in the occupied territories. Some of the reservists and recruits, however, aware of the role assigned to them by the ruling elite, have been brave enough to refuse to serve in Palestinian territory. Nearly 150 people who refused to be party to crimes committed by the military in Lebanon and in the occupied territories were sentenced to prison terms, some of them repeatedly.

Other sentiments also exist, especially among younger people hoodwinked by Zionist propaganda. They view the West Bank and the Gaza Strip as Israel's inalienable property and the Arab population which unfortunately lives there as mere trouble-makers who disrupt "normal life" and can only understand the talk of brutal force. Military service cultivates contempt towards people of other faiths and origins, nationalistic conceit and ruthlessness among this category of Israelis.

Israeli settlers mount terrorist actions against the Arab population of the West Bank and the Gaza Strip. Formally, the Israeli rulers refer to this terrorism as "unauthorized" actions but in fact, it was the official annexation policy that triggered those "initiatives". At present, Israel has already "developed" from 60 to 70 per cent of the West Bank territory, having built about 160 settlements there. The colonists from the right-wing extremist groupings (Gush Emunim, Kakh and others),

who call for the immediate annexation of Palestinian lands as well as the expulsion of the local Arab population and those Arabs living in Israel, believe that this is carried out far too slowly and on an insufficient scale. Arms depots have been set up at the Israeli settlements in the occupied territories, to which inhabitants constantly resort. These fascistic elements are responsible for pogroms in refugee camps and towns, such as Hebron, and also for explosions, arson and attacks on Arab inhabitants.

The Israeli ruling elite shows "understanding" for both the aims and methods of these groups. For instance, Gush Emunim has its own mouthpiece in the Knesset—the ultra-rightist Zionist party of Tekhiah—and enjoys the support of a section of the Likud bloc which makes up the government coalition. The Kakh grouping is led by Meir Kahane who is deputy to the Knesset. It is indicative that the right-wing extremists not only openly resort to the use of arms but also outspokenly threaten to expand their "military activity". Their ringleaders stress that, should the authorities fail to annex the occupied territories and to expel all Arabs, the settlers would "introduce their own laws and would enforce them with the help of machine-gun fire".

Gush Emunim is closely linked with the Israeli mafia. In the summer of 1985 a Gush Emunim land contractor, A. Ben Kohl, was put on trial in Tel Aviv. The trial brought to light the fact that Kohl had hired criminals to make short work of the Arabs who refused to sell their plots of land to Jewish colonists. The settlers supplied weapons and ammunition to their "helpers", who destroyed water-supply pipes, organised arson and beat up Palestinians. It is only natural that a former head of the Israeli security service called the settlements a "veritable hot-bed for terrorists".

Among the victims of the colonists' terror are not only local Arabs but also Israeli citizens who dare to defy the fascistic thugs. Thus, raiders from Gush Emunim seized Israeli soldier Ye. Sarusi, who had tried to interfere with their attack on the village of Klar-Yatta on the West Bank, beat him up and threw him out of a car travelling at full speed.

In Israel itself, right-wing extremists are thrusting into the foreground. Kahane's gang is becoming ever more active. His racist slogans cause revulsion among many Israelis, who find them very similar to the misanthropic calls of the Nazis. Kahane's pronouncements sometimes make government officials feel uncomfortable: they have to retain a mask of "respectability". Meanwhile, Kahane has no doubts that his advocacy of the "iron fist" policy will win him many new followers. He hopes that the coming elections will bring Kakh not just one, but from ten to fifteen seats in the Knesset. Incidentally, his hopes are not without ground: a poll conducted among a group of students showed that 42 per cent of them were Kahane's supporters.

The "architect" of the Lebanese adventure, A. Sharon, who is primarily responsible for the crimes perpetrated in that Arab country, is also gaining an increasing number of associates. The investigation commission's unfavourable conclusions did not prevent him from obtaining the post of minister of trade and industry in the "broad coalition" cabinet, which

comprised the Maarakh bloc of social-Zionist parties and the ultra-rightist Likud bloc. A. Sharon continues to be the idol of Israeli Philistines who, longing for a "strongman", would love to see him as head of the government. Aware of Sharon's obnoxiousness and political extremism, certain representatives of bourgeois-liberal circles nevertheless tend to see him as lesser of the two evils when compared to Kahane. This dangerous "logic" gives a green light to the more reactionary representatives of the Zionist establishment, who have no scruples about the ways and means they choose.

In general there is every reason to speak about growing fascist sentiment in Israel. This sentiment is nurtured by Zionism, which has been elevated to the rank of official ideology and policy. Israel continues to move in a vicious circle: its government's aggressive policy and the brainwashing of the population in militaristic spirit produce a favourable environment for the activity of ultra-right forces, which in their turn demand from the government a still tougher anti-Arab policy. Under the circumstances, the adverse consequences of the annexation policy for Israel itself become ever more obvious.

In the mid-1950s former Israel's Prime Minister M. Sharett expressed views that are of special relevance today. It should be noted that Sharett was a Zionist leader and therefore also subscribed to the idea of expanding Israel at the expense of Arab lands. "Indifference towards wrong actions," he wrote in his diary, "has prevailed among us for many years... For us there is nothing serious about an inhuman act. We become aware of it only when the threat of a crisis appears or when certain negative results become apparent, such as the loss of position, power or influence. We have no moral approach to moral problems but only a pragmatic one. When Israeli soldiers kill several Arabs... no conclusions are drawn—nobody is demoted, nobody is fired. This is not to say, however, that public opinion, the army and the police have drawn no conclusions. Their conclusion is that Arab blood can be calmly spill."

What can be said of Israeli public opinion of the mid-1980s if it allows the man personally responsible for the Lebanese carnage to remain a cabinet minister and if certain people, while deeming themselves "champions of democracy", can at the same time see him a welcome candidate to premiership since otherwise an even more bloodthirsty villain may come to power?

What then is the Israeli army, whose soldiers, in performing their "duty", shoot Palestinian children and whose officers observe the massacre at Sabra and Shatila through binoculars? What can be said of Israeli police, which prefers to close its eyes to the crimes perpetrated by fascist thugs against the Arab population and progressive Israeli figures?



Such are the fruits of aggression inevitably reaped by a people who seek to oppress and impose their will on other people. Society infected with violence and chauvinism faces a fairly large danger of a broad onslaught by ultra-right extremist forces, which easily crumple the fragile facades of bourgeois democracy.

Nevertheless, there is a different Israel. In these difficult circumstances, courageous struggle is waged by the Communist Party, the Democratic Front for Peace and Equality, all honest citizens and true Israeli patriots. They are fighting for a stable and just peace in the Middle East and for the future of their people.

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BOOK ON CONTEMPORARY USSR-AFRICAN RELATIONS REVIEWED

Moscow ASIA AND AFRICA TODAY in English No 2, Mar-Apr 87 p 95

[Review by Doctor of Historical Sciences V. Vakhrushev of book "Problems of Present-Day Relations Between the USSR and African Countries in the 1980's" edited by Anatoliy Gromyko, Moscow, International Relations Publishers, 1985, 301 pp]

[Text]

The joint study by a team of prominent Soviet specialists on Africa (G. Smirnov, Ye. Tarabrin, A. Urnov, and others) deals with exposures of Western neocolonialist policies in Africa on the one hand and, with an analysis of Soviet relations with African countries on the other. The monograph under review is comprised of two sections: politics and economy. Proceeding from Marxist-Leninist methodology in expounding goals, principles and major guidelines underlying Soviet policy towards Africa, the authors reveal its class character, which meets the vital interests of African nations fighting against vestiges of colonialism and racism. The support the Soviet Union gives to the OAU in this struggle is a significant factor enhancing independent Africa's role in international affairs. The book helps the reader determine quite clearly who are the enemies and who are the friends of African unity.

The book offers a detached assessment of the USSR's contribution to the effort to liberate Southern Africa and the support it provides for Namibian, South African and "front-line" states patriots; it gives the lie to the hypocritical policy of Western countries as they ally with Pretoria's regime.

The authors describe how the USSR and African countries interact in the struggle for peace, security and disarmament and the latter's heightened interest in and growing awareness of the need for this struggle. It appears, however, that the authors could have analysed in more detail the positions that individual groups of African countries adopt on these issues. Particular mention should be made of an in-depth analysis of the "African nonalignment" concept with all its ensuing features and connections with the movement for African unity. At this point the authors quite correctly stress that neither the US

nor the former colonial powers were able to involve any young African state into their military blocs and that the continent adheres in its policies to the principle of "African solution to African problems" (p. 100) as well as to the "no compromise in anti-imperialist struggle" principle. At the same time the authors rightly point towards the diversity of these positions—ranging from consistent anti-imperialist policies of socialist-oriented countries to the flatly pro-Western stand of some states. On the whole, however, as the book emphasises, the anti-imperialist trend holds sway in "African non-alignment".

Having analysed the economic problems facing Africa (the crisis state of the backward economy, growing imbalances, and other hard-

ships), the authors convincingly show the growing role of equitable trade and economic relations the USSR has with newly-free states and the assistance it renders them in overcoming these problems and in their economic and social liberation from imperialism. The book gives a detailed account of the goals, content and guidelines of the USSR's economic and technological assistance to Africa. The share of this assistance in 1984 accounted for 43 percent of the overall volume of aid given to all developing nations (p. 216). The study stresses the need for its further development on a payback basis (pp. 241-242).

It is hardly possible to investigate all problems related to the given issue in just one study, yet this book covers all questions of primary importance quite adequately.

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RESTRUCTURING OF LICENSING SYSTEM DISCUSSED

Moscow VNESHNYAYA TORGOVLYA in Russian No 3, 1987 pp 43-46

[Article by V. Mukhopad, candidate of economic sciences: "Issues in Restructuring of Trade Licensing System"]

[Text] The country's economic strategy adopted at the 27th CPSU Congress is based on its tremendous economic, scientific and technical potential, and its production and raw material resources. However, as M. S. Gorbachev, CPSU Central Committee general secretary, noted: "...with respect to this, it goes without saying that we would not want to reject the additional advantages which scientific and technological cooperation with other countries, based on mutual advantage provides... all the more so in that we do not come to this 'market' as supplicants with empty arms."(1)

Under conditions of accelerated social and economic development for many branches of the economy, especially scientifically intensive branches, interest in broad participation in international sharing of scientific and technical achievements and effective use of the advantages of license exchange to improve production is growing immeasurably.

USSR foreign trade in licenses is developing at high tempos and has achieved substantial size. Its scale is already defined not in terms of individual agreements, but thousands of agreements. The experience acquired in the work of Soviet foreign trade organizations in the field of international trade in licenses has created favorable prerequisites for intensification of mutually advantageous exchange of scientific and technical achievements with other countries.

Theoretical and methodological studies by Soviet specialists in the field directly facilitated the practical activity of Soviet organizations in the sphere of international licensing. They analyzed international experience and disclosed the specifics of patenting and licensing activity, its legal and commercial aspects, methods of calculating prices, the effectiveness of licenses, negotiating tactics, forms and methods of cooperation based on licenses, etc.

However, some key problems in this field require more thorough study and theoretical elaboration.

These relate, in particular, to the fundamental question about the existence of a world "license market," which is frequently represented as purely theoretical, and having no influence on practical licensing activity. In reality, international sharing of scientific and technical achievements on a commercial basis is developing under the influence of objective economic laws and under specific conditions.

The extreme diversity which exists in the world of technical solutions; their degree of development and conditions under which they are applied; their individual nature and need for protection from use by competitors and the scattering of innovations among a tremendous mass of firms, organizations, etc., greatly hamper the search for necessary information about the objects of licenses and the establishment of contacts between potential partners in licensing arrangements. Until recently questions of seeking, advertising and marketing technology were solved by each company independently, through accumulating and analyzing patents, making use of the network of technical information, exhibitions, symposiums, technical advertising prospectuses, models, etc. But even major firms with far-flung information and patenting-licensing services were not able to encompass all existing sources of necessary technology. Further development of international license exchange was being retarded more and more by the absence of a reliable mechanism and system, to provide, on the one hand, collection and systematization of information about objects of licenses which exist or are proposed in the world, and on the other hand, the capability to bring it rapidly to a partner.

A solution for this problem became possible only with the development of electronics. The methodological development of the new system and its practical implementation were first accomplished in 1960 by the U. S. firm, Dvorkowitz and Associates. At present the data bank of this company is one of the largest storehouses in the capitalist world, in which more than 200,000 objects of licenses offered by various organizations, firms and private individuals are collected. Access to this data is offered free to any client, regardless of the capability of his enterprise and national affiliation. Electronic terminals, as well as the telephone network and Telecommunication International Communication channels are used for contacts with the Dvorkowitz firm. The services of the bank are used by 150,000 companies and organizations from 40 countries.

Somewhat later, but at a larger scale, the American company Control Data Corporation created the Technotec System for commercial servicing of international technology exchange. The system encompasses offerings and requests for unique and advanced technologies that exist in the world, which are potential objects of licenses. It includes a central data bank -- Techno-Bank -- which consists of two departments: Techno-Stock, in which offerings for the sale of licenses which exist in the world are accumulated, and Techno-Quest, in which a mass of requests received from numerous clients for technologies of interest to them is organized. A second data bank -- Techno-Aid -- has also been created in the Technotec System. It provides a tie-in with firms that offer technical and financial assistance in assimilating licenses that have been acquired.



In the business world a system for seeking objects of licenses, called "License Locator," of the U. S. firm Technology Catalyst Incorporated, has become widely known. Through the use of automated communication channels the firm annually offers more than 200,000 new technologies to its 400,000 clients in North America, Western Europe, Japan and Australia.(2)

The process of improving the organization of international license exchange is taking place in two directions: through creating new systems for marketing technology exchange and extending their use, and by increasing the amount of services rendered when licenses are introduced. Along with the international "technology banks," national and regional systems exist. Thus, in Western Europe the European Association for the Transfer of Technology, Innovations and Industrial Information has functioned for a number of years, and in Japan a center for technology exchange in the Southeast Asian region has been created. All of these systems are able to interact with one another via communication channels, thereby uniting into a worldwide system for automated servicing of license exchange. The existence of such a system provides rapid search for objects of licenses, effective communications and a direct dialogue between potential partners in licensing arrangements. Thus, the importance of the traditional forms of advertising and information services in the sphere of license exchange, especially that of printed publications, has sharply declined.

Studies published by Dvorkowitz, Control Data and a number of other firms emphasize that the creation of systems for servicing international license exchange is based on the development of market processes in the sphere of technology exchange and on the results of scientific and technical progress. The achievements of scientific and technical progress not only complicated the problem of supply and demand for objects of licenses, but also provided the technical means to solve it. An important role in the creation of systems for marketing technology was played by the "computer revolution" of the late 1950s, which made it possible to create computers with virtually unlimited capabilities for search, processing and transmission of data about innovations existing in the world. The use of terminals and automated communication channels in the systems made it possible to solve two interrelated problems at one center -- the search for needed technical solutions (demand) and the collection of information about such solutions being offered for sale (supply). The Technotec System, according to its authors, "has the main goal of creating a technology market, and it provides the place ("marketplace") [English in original] for it to function."(3) In this sense it is comparable with a "stock exchange," which carries out similar operations with traditional goods on the world market.

Undoubtedly, it is not the authors of these projects who are the creators of the "technology market" or the "license market," as a system of relations between these buyers and sellers of scientific and technical achievements. This market exists objectively and is developing in the process of development of international economic relations. But it should be noted for the sake of

fairness that these firms were among the first to study the laws and market particularities of the development of international license exchange and, using modern achievements in computer equipment, offered a mechanism for the commercial implementation of scientific and technical achievements.

In the 1960s and 1970s USSR foreign trade through licenses developed at high tempos, mainly as a result of extensive factors. The subject matter of license exports expanded continuously; the number of foreign trade organizations and branch ministries and departments taking part in the sale and purchase of licenses increased and technical service in the field of patents and licenses expanded. In the 1980s growth rates of license trade have markedly declined, mostly because reserves of extensive development have largely exhausted themselves. It gets one's attention to know that the stabilization of the export of licenses from the USSR is taking place at a time of intensified licensing activity in many branch ministries and greater growth rates of the "portfolio" of new technologies offered for sale.

Frequently the viewpoint is expressed that the main cause of the inadequate volume of license exports for Soviet scientific and technical developments is a lack of large-scale subjects of licenses and that licensing activity must be improved by seeking such subjects. The sale of Soviet licenses for such well-known processes as continuous smelting of steel; evaporation cooling of blast furnaces; dry extinguishing of coke; the oxygen suspension cyclonic electrothermal process; the FPAKM [as written] filter press; welding of large diameter pipes and many other processes provided large currency receipts, and further searching for such subjects is undoubtedly needed.

However, the experience of international license trade shows that large-scale development of technology exchange cannot be oriented solely on the sale of scientific and technical developments which provide major advances in science and production. Foreign firms rarely resort to the sale of licenses for large scale latest developments, preferring to monopolize their use in their own enterprises until competing innovations appear. The foundation of capitalist trade in licenses is a large quantity of inventions, "know-how," and improvements of branch application, associated with solving local scientific and technical problems.

In the number of large-scale license subjects offered on the market and the technical level of developments the Soviet Union is substantially superior to many Western countries; however, in the amount of export of licenses it is still substantially inferior to them. Obviously, along with well-known trade and political factors, the introduction of such progressive forms and methods, based on modern achievements in information processing, as the creation of international and national "technology banks," "licensing banks," "technology exchanges," etc., played an important role in stepping up trade in licenses of the capitalist firms.

The shift abroad to such forms of licensing activity must undoubtedly be taken into account in the practical activity of Soviet organizations, competing on the international licensing market. Slow and poor communications with other contracting parties; limited nature of subjects offered and obsolete forms of marketing; narrowness of the circle of partners and incompleteness of the

information shared and received are the main shortcomings in the current methods of advertising and commercial work by Soviet organizations in the licensing market. Their result is a substantial loss of novelty, technical level and commercial value of the licenses sold and purchased.

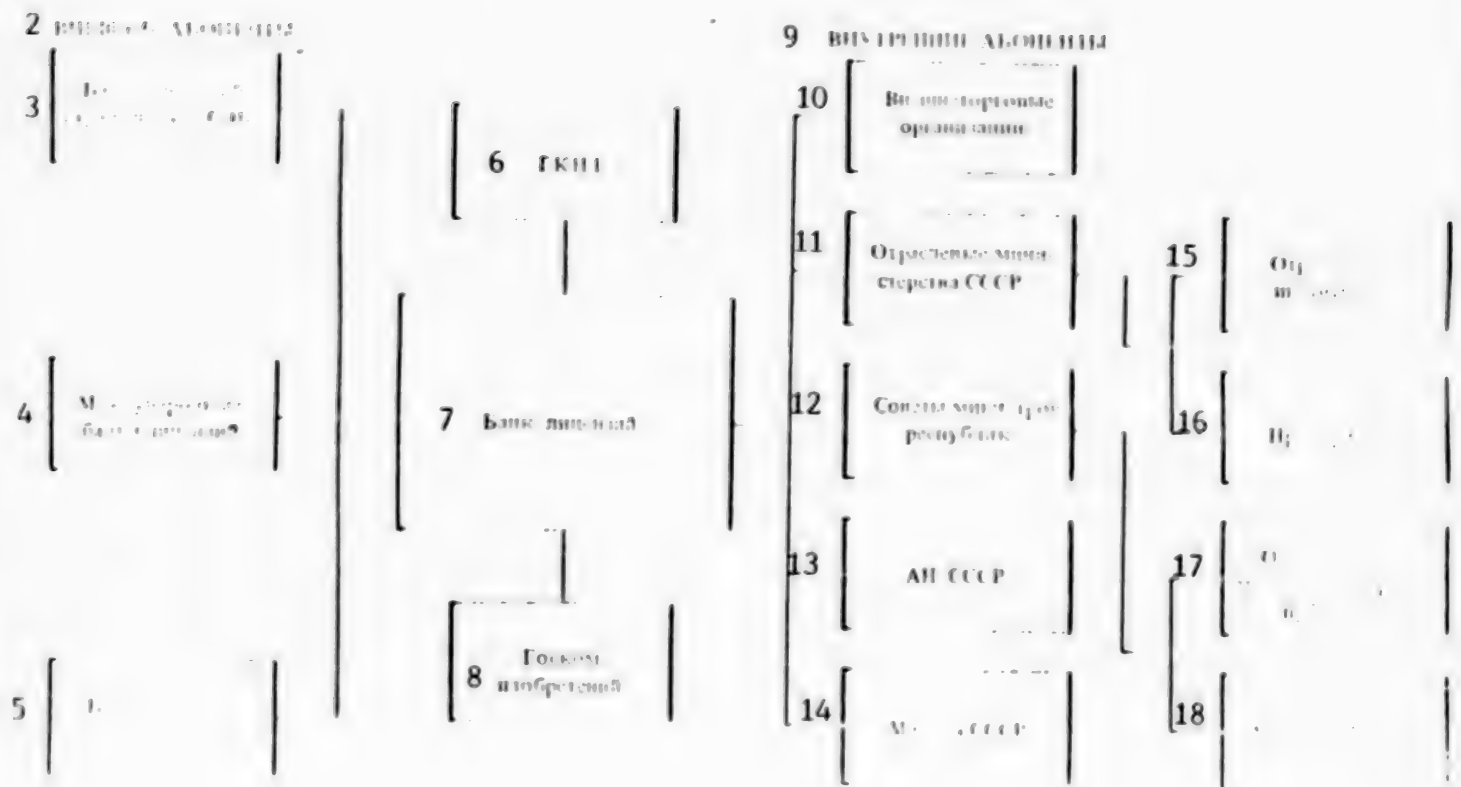
Under these conditions foreign trade organizations are forced to approach work with licensing subjects "selectively," concentrating their efforts on easily realizable and large-scale development. Problems of non-connectivity of printed and mail forms of communications with the computerized information transmission systems used by Western firms have an equally negative effect in the import of licenses.

The Fundamental Directions of Economic and Social Development of the USSR for 1986-1990 and the Period up to the Year 2000 poses the task: "Improve inventive and patent-licensing work... develop a state system of scientific and technical information. Improve exchange of the achievements of science and technology." (4) Thus, improving patent and licensing work and perfecting the exchange of scientific and technical achievements in the country are linked with the development of a state scientific and technical information system.

The CPSU Central Committee resolution, "On Measures for a Fundamental Improvement in the Quality of Production," anticipates that during 1986-1987 an effective information system will be created to provide developers with necessary information about the latest achievements and developmental tendencies of Soviet and foreign science and technology. In our view, a national (state) "bank of licenses," oriented on the intensification of the country's participation in the international exchange of licenses and taking into account its specific nature, must become an integral part of this system.

The creation of a national (state) "bank of licenses" assumes not only the establishment of computer equipment in a single center and linking it by communication channels with domestic and foreign subscribers. The corresponding organization of computer patent and licensing services in branch ministries and departments; introduction into computer memory of "its own" branch licensing subjects; linking computers with the central "bank of licenses" and access of all domestic subscribers to "alien" subjects must become an important stage in this work. Subsequently, the communication system ought to be diversified within the framework of the branch and systematic work with the "bank of licenses" of leading branch developer organizations and enterprises of ministries should be carried out. Naturally, carrying out this work requires time and may be accomplished by stages, taking into account the degree of readiness of individual ministries and departments.

Obviously, the effectiveness of the "bank of licenses" will be determined not only by the number of licensing subjects input into it, but most of all by their technical level and novelty. Therefore, such a bank must be established based on careful selection of promising subjects and the exclusion of obsolete developments.



# LEGEND

- 1 - Sample diagram of a "Licence Bank"
- 2 - Foreign subscribers
- 3 - CFMA member country licence banks
- 4 - international licence banks
- 5 - national licence banks
- 6 - GKNT [State Committee of the USSR Council of Ministers for Science and Technology]
- 7 - Licence bank
- 8 - State Committee for Inventions
- 9 - Domestic subscribers
- 10 - Foreign trade organizations
- 11 - USSR branch ministries
- 12 - Republic councils of ministers
- 13 - USSR Academy of Sciences
- 14 - USSR Minvuz [Ministry of Higher Education]
- 15 - Branch institutes
- 16 - Enterprises
- 17 - Republic branch ministries
- 18 - Republic academies of sciences



The functioning of a national "bank of licenses" assumes the establishment of automated channels of communication with international and national "banks of licenses" in other countries. A priority task in this field is creation of a "bank of licenses" of the CEMA member countries, for the organization of which favorable prerequisites already exist. The urgent need to create such a bank is predetermined by the urgent tasks of improving license exchange among the CEMA countries to intensify the development of production; implement the Comprehensive Program of Scientific and Technological Progress of the CEMA member countries up to the year 2000; and expand cooperation in the sphere of technological exchange with other countries.

Solving the task of restructuring trade in licenses cannot be limited merely to creating a national "bank of licenses" and linking it with international banks. Urgent problems remain in improving planning and economic incentives for trade in licenses; organization of production cooperation based on licenses; selection of new subjects; providing a "package of services" to foreign license-holders, etc. "Banks of licenses" represent an important instrument in modern methods of conducting trade on the world license market, and in establishing contacts between potential sellers and purchasers of licenses. However, systematic study of market conditions, the dynamic and tendencies of its development and the structure and forms of trade remain no less important.

#### FOOTNOTES

1. KOMMUNIST, No 3, 1985, pp 21-22.
2. CHEMICAL WEEK, 14 Sep 83, p 46.
3. "Control Data Corporation. Technotec/Worldtech." Minneapolis, Minnesota, 1976, pp 14-15.
4. "Materialy XXVII syezda KPSS" [Materials of the 27th CPSU Congress], Moscow, Politizdat, 1986, p 281.

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TRADE OFFICIAL ON IMPORTANCE OF ADVERTISING

Moscow FOREIGN TRADE in English No 3, 1987 pp 18-23

[Article by Yuri Deomidov, General Director, V/O Vneshtorgreklama]

[Text]

In the current five-year plan period (1986-1990) the USSR will step up the export of the manufacturing industry products and, first of all, that of machines and equipment. A basic feature established in the plan is that by 1990 some 80 to 95 per cent of the main types of manufactured products should match the world standards.

Since January 1, 1987, more than 20 Soviet ministries and departments as well as about 70 major production associations and enterprises will be directly implicated in fulfilling the current export plans.

In view of the growing competition on the finished product markets, the exporters' task of winning, retaining and expanding their positions on those markets becomes more complex. As never before, successful actions in promoting various goods and especially machines, equipment and instruments on foreign markets depend on the quality of goods which should meet the highest world standards and be competitive

on the market of each particular country, on the efficiency of the sales and technical maintenance system and, not least of all, on effective advertising. Even in the case of a fundamentally new, high-technology article with a quality guaranteed service life, the effective accomplishment of the export targets is impossible if the market is not sufficiently informed about this product or unless a favourable image is built around the product and its manufacturer.

The sales experience of Western and notably US companies indicates that several major corporations advertise their own products. Many other manufacturers, however, employ the services of specialized advertising agencies whose number in the US alone exceeds 5,000 and which have an annual turnover of several thousand up to more than 1,000 million dollars.

The majority of Soviet foreign trade organizations do their foreign

advertising abroad with the assistance of the All-Union Association Vneshtorgreklama, which was set up in 1964. Due to this cooperation between the manufacturers of export goods and Vneshtorgreklama Soviet-made tractors, motor vehicles, aircraft, machine tools, oil-drilling equipment, rolling mills, marine and power equipment, computer systems and other export items have gained broad popularity on foreign markets.

Today, Vneshtorgreklama comprises six specialized firms: Kompleksreklama, Inoreklama, Poligrafreklama, Adresreklama, Filmreklama and Souvenirreklama. The Association also incorporates the editorial office of the journal *Soviet Export* and eleven specialized periodical publications of Soviet foreign trade associations.

By studying the experience and theory of foreign and Soviet advertising, the Association develops recommendations on the more effective forms and methods of promoting Soviet exports.

Vneshtorgreklama has business connections with advertising agencies in 53 countries.

Its friendly relations with advertising companies in the CMEA countries are not confined to purely commercial interests. They include regular exchanges of experience and joint solving of various theoretical and practical problems in international advertising, higher training of advertising personnel and regular meetings to discuss pressing advertising matters.

The bulk of the work on advertising Soviet exports in the capitalist and developing countries is done by the above-mentioned specialized agencies and also by various publishers in each particular country.

At the request of Soviet exporters Vneshtorgreklama composes advertisements and places them in hundreds of publications in various countries, including the socialist states, the USA, Japan, Finland, Australia, the FRG, the Philippines, Brazil and Thailand.

More than 200 qualified advertising experts, artists, photographers and translators take part in the conceptual and practical execution of advertising materials.

With the assistance of Vneshtorgreklama more than 30 specialized Soviet journals circulated abroad carry the advertisements of foreign trade associations. Both Soviet and many foreign publications often feature informative materials prepared by the Association about the Soviet economy and its export potential.

Abroad there is widespread acclaim for special advertising and general information supplements to local newspapers and magazines. Vneshtorgreklama publishes them in the central press organs of the socialist countries and in many mass and specialized publications in the capitalist countries such as *Handelsblatt* and *Industrie Anzeiger* (FRG), *Nikkei Business* (Japan), *Die Presse* (Austria), *L'Humanité* and *L'Expansion* (France), *Financial Times* (Great

Britain), *Business Week* and *International Management* (USA) and others. Last year alone the Association prepared more than 40 such special publications in a total circulation of several million copies.

Vneshtorgreklama prepares special advertising and information supplements for the Soviet press, too. The first such supplement, printed by the CPSU Central Committee's weekly *Ekonomicheskaya Gazeta* in 1981, was devoted to the development of trade and economic ties between the USSR and Austria. Other special supplements followed on trade relations with Japan, Finland, Czechoslovakia, Denmark and Sweden. More than 10 of them were issued in 1986.

In line with its Charter, the Association renders services to exporters in the preparation and printing of up-to-date advertisements of new Soviet export goods and prestige-forming publications. In particular, it has published promotional pamphlets about such major Soviet industrial enterprises as the Azovstal steel mill, the Minsk Tractor Works, the Leninski Komsomol Car Factory and the Likhachev Motor Works in Moscow, the Gorky Motor Works, the Yaroslavl Engine Plant and other manufacturers of export products.

To upgrade the quality of printed advertising materials, a special photographic laboratory was set up within the Association in 1977 which turns out colour slides and photo prints. There is also an express printing shop for urgent small-batch assignments.

Since 1965, Vneshtorgreklama has been active in making promotional films about Soviet export goods, their manufacturers and suppliers. The Association has worked out and refined modern forms of screen advertising, set up a creative commercial base for the production of promotional films, for their dubbing in foreign languages, copying and distribution, and settled the problems of providing the production department with necessary materials and equipment. By now, the Association has turned out more than a thousand such films, 7,000 versions of the latter in foreign languages and more than 60,000 screen copies, thereby equipping Soviet foreign trade associations with a solid stock of promotional films. Many of these films produced by Vneshtorgreklama were shown at international festivals and contests where they won about 150 various prizes and diplomas.

In recent years the Association started using video equipment in its work. It is already producing video cassettes with promotional films and supplying Soviet foreign trade associations and trade representations abroad with playback video equipment.

One should also mention the broader use of comprehensive measures to build a suitable image about Soviet export goods and their suppliers. This refers to the holding of anniversary press conferences of foreign trade associations and includes their participation in international exhibitions and fairs and other major events in exporters' commercial activity.

At international fairs abroad and at exhibitions in the USSR with the participation of Soviet foreign trade organizations, Vneshtorgreklama organizes comprehensive commodity and promotional advertising. On exhibitors' orders it places advertisements and notices in the mass media, distributes press releases and informative pamphlets, and sponsors press conferences, seminars, advertising film shows, etc.

Vneshtorgreklama organizes business information exhibitions abroad. This form of advertising of Soviet export goods has proved its worth and evoked keen interest in the business circles of the countries where such exhibitions are held.

In addition to foreign trade organizations, Aeroflot, Intourist and other Soviet agencies with foreign business ties use such exhibitions to advertise their services. Such business information exhibitions are distinguished by low organizational costs and high mobility, which means that they can be organized and held at a moderate outlay and at short notice in geographically remote countries. In recent years such exhibitions have been held in Uruguay, Ecuador, Brazil, Kampuchea, Laos, Thailand, the Philippines, Indonesia, Pakistan, Japan, Peru, Tunisia, Bangladesh, France and Ireland.

In the 1970s demonstration halls in Soviet trade representations abroad started operating under the methodological guidance of Vneshtorgreklama. There are 15 such demonstration halls today; some are in the European socialist coun-

tries, others in China, India, Australia, New Zealand, the USA and other countries. Every year 10 to 20 Soviet export goods exhibitions are held in each of these halls. They promote the expansion of Soviet export and give experts and businessmen the opportunity to see new goods offered by Soviet foreign trade associations; pamphlets and catalogues and other informative materials are distributed too. Each demonstration hall is equipped with movie projectors for running advertising films. All this activity is coordinated with the advertising efforts of Soviet foreign trade associations endeavouring to export their goods to particular countries.

Vneshtorgreklama publishes the magazine *Soviet Export* and specialized bulletins of the foreign trade associations Aviaexport, Asioexport, Licensintorg, Mashinoexport, Mashpriborintorg, Stankoimport, Techmasheexport, Technointorg, Traktoroexport, Elektronorgtechnica and Energomachexport. These publications are circulated in 114 countries.

In its practical work Vneshtorgreklama assigns an important role to the direct distribution of its printed materials by mail, which notify foreign customers about the goods and services being offered. This variety of advertising is handled in the Association by the firm Adresreklama which sends information about Soviet export goods to agencies and companies in more than 100 countries.

Many foreign companies, including those in the FRG, the USA, Sweden, Great Britain, Finland and other countries are keenly interested in using this type of advertising for circulating their information and advertising materials in the Soviet Union. These materials are addressed to executives at industrial enterprises, foreign trade organizations, research institutes and to experts in various fields.

One should also mention the growing number of technical advertising seminars organized by Vneshtorgreklama at the request of foreign companies. Among the regular customers of this sort of advertising are the companies Mannesmann, Schoermann-Siemag and Otto Wolff (FRG), Marubeni, Sumimoto and Matsushita Electric Trading (Japan), companies in Great Britain, Austria, Italy, Norway, Finland, West Berlin, etc. Several thousand Soviet specialists attend these seminars every year.

The firm Souvenirreklama fulfils orders from Soviet organizations for the supply of Soviet commercial and advertising souvenirs.

Much attention has been paid recently to the designing of registrable trademarks and logograms for Soviet foreign trade associations. The logograms of the associations Elektronorgnizatsiya

(ELORG), Sudimport (SUDO), Strojmaterialintorg (SIROM) and others are already widely known in the business world both in the USSR and abroad. A logogram and a new trademark, SOVERO, have been designed for Vneshtorgreklama, too. The Association handles such orders for practically all Soviet foreign trade organizations.

To further promote Soviet foreign trade it is imperative to seek out new forms and means of advertising and make more active use of the established methods.

In the ongoing reorganization of all foreign economic activities, where a number of industrial ministries, departments, associations and works have received the right to deal independently on the foreign market, the role of Vneshtorgreklama in the methodological supervision and coordination of all advertising and information work associated with foreign trade will be much greater.

The designing of advertising materials is a creative process demanding special knowledge, experience and skills. Advertising materials must be built on the principles of an integrated concept and an integrated image of the product and its exporter, known in the business as a "unique trade proposition" as it singles out the particular product or exporter among the host of analogues and competitors on the world market.



Advertising materials for competitive goods must be competitive themselves. To promote the growth of Soviet export and to vie effectively with the competitors' advertising on the world market, Soviet foreign trade advertising must be of a high standard in both graphical and informative terms.

To win through here it is necessary to concentrate qualified specialists and appropriate production facilities within a single organization. These requirements are currently met by Vneshtorgreklama which plans its work so as to render methodological and practical assistance not only to foreign trade associations but also to the ministries and enterprises which have received the right to operate on foreign markets.

An important role belongs to the economic factor, too. Under the existing international practice, for the conduct of advertising in the mass media (press, TV, radio) specialized advertising agencies are entitled to an agent's commission of 10 to 20 per cent of the order's value and also to various bonuses and discounts (for the size of the order, for the frequency of publications, etc.). This eventually reduces the foreign exchange outlays

for the advertising exporter when his order is fulfilled in full volume.

The problems of systematically improving personnel's qualifications, of raising advertising education of the exporters given the right to deal on the foreign market and of enhancing the methodological guidance and coordination of advertising and information work in the foreign economic sphere can best be tackled centrally through a specialized advertising agency which has experience and an international reputation in this field. Vneshtorgreklama offers Soviet exporters a full range of advertising services and methodological assistance for promoting Soviet exports and radically advancing their foreign economic activities.

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NEW SYSTEM SEEN AS IMPETUS TO STATE FOREIGN TRADE MONOPOLY

Moscow FOREIGN TRADE in English No 4, 1987 pp 4-9

[Article by Yuri Shamrai, Cand. Sc. (Econ), Head of the USSR Foreign Trade Division, All-Union Market Research Institute, USSR Foreign Trade Ministry]

[Text]

The state monopoly of foreign trade is the basis of the system of the USSR's external economic ties, which conforms to the current regulations governing the development and economic interests of the socialist mode of production.

Lenin elaborated the theoretical principles and specific ways of applying the state monopoly of foreign trade and other types of external economic contacts. Analysing the question of the objective need to keep foreign trade as a monopoly in a socialist society, Lenin proceeded from the overriding role of the economic basis with regard to the trade superstructure and its conformity to the basis.

The main specific feature of the socialist mode of production lies in socialization of the principal means of production, the establishment of social ownership on the implements and objects of labour, production resources and manufactured products. Socializing the means of production and its output quite naturally presupposes that the realization of this output on the home and foreign market, too, is organized by the state. Lack of conformity of the system of foreign trade relations to the existing relations of production may lead to serious complications in production and commodity circulation. Thus the basic means of production becoming social property predetermine the need for the socialist socialization of foreign trade.

The idea of socializing foreign trade along with the other commanding heights of the economy was central to the theoretical and practical concept of organization of socialist trade which Lenin worked out. Documents

evidence that Lenin put forward this idea literally in the first days after the Revolution of 1917. In his draft programme of the immediate economic measures of the Soviet state Lenin points to the monopolization of foreign trade by the state along with such measures as the nationalization of the banks and industry, the setting up of consumer cooperative societies and so on, placing the state monopolization of foreign trade before the nationalization of industry.<sup>1</sup> In his work, *The Immediate Tasks of the Soviet Government*, the monopolization of foreign trade also comes next after the nationalization of the banks.<sup>2</sup>

Such an approach to the organization of the country's external economic ties is well grounded. In view of the specificity of trade as compared to the sphere of production, the socialization of the former is effected much faster and in higher forms than some sectors of material production. In foreign trade one more factor is added to these circumstances, namely the direct contact of the socialist economic system with other modes of production opposite to it in principle and method. Noting this specificity, Lenin pointed to the urgent need to keep foreign trade as a state monopoly without which "we shall not be able to 'free ourselves' from foreign capital."<sup>3</sup>

Thus, the regularity according to which the trade superstructure corresponds to the new economic basis made it necessary to monopolize foreign trade as an indispensable condition for building socialism.

The state monopoly of foreign trade as a principle of external economic ties is opposed to by a system of foreign trade regulation imposed with the aid of customs duties and other market economic instruments. The main distinction of the state monopoly of external economic ties is the fact that it centrally regulates the interaction between the economy of a country and the world economy.

The state monopoly of foreign trade makes it possible to centrally and in a planned manner assess export resources and import requirements of the national economy and on this basis plan the volumes and structure of the country's foreign trade. Without its trade ties with other countries being monopolized by the state and with an open access for capitalist firms to the home market through the channels of foreign trade, the country would be faced with an unplanned outflow of the resources it needs and the influx of goods, and the reproduction process would find itself under an economically uncontrolled influence of the world economy and its outlook as regards prices, supply and demand, the move-

ment of financial resources, etc. Viewing the monopoly of foreign trade as an indispensable condition of the state economic plan, L.B. Krasin, the first People's Commissar of Foreign Trade, wrote: "Without a monopoly on foreign trade the Soviet state would be unable either to start state planned work or carry it out."<sup>4</sup>

The monopoly of foreign trade also makes it possible to accumulate the proceeds of the country's commodity exchange with its partners abroad in the state budget and use them for the needs of the national economy. Obviously, there may be different variants of distribution of the effect of exports and imports between the state and the producers of export articles or the consumers of imported goods. The state may centralize all the earnings of trade, use part of them to encourage export production, transfer them in full or in part to the consumers of imported goods, etc. In all cases, however, the state distributes the proceeds of foreign trade proceeding from the interests of the national economy. Emphasizing the role of foreign trade in the process of socialist accumulation, Lenin pointed out that foreign trade "as an item of our revenue budget is most important."<sup>5</sup> More than that, foreign trade performs the function of not only financial but also actual material accumulation, insofar as it is a source of new technology, equipment and requisite raw materials.

Economically the monopoly of foreign trade thus represents a special form of participation in the international division of labour, under which, first, trade contacts with other countries are along planned lines in accordance with the priorities of the national economy, and second, the earnings from these contacts are concentrated in the hands of the state.

Foreign trade as a state monopoly does not mean that the country's economy, its individual sectors or enterprises are isolated from foreign markets. Foreign trade is a channel through which the economy of a country is linked with the world economy. At the same time the state monopoly of foreign trade imparts a specific feature to the relations of external economic activity and the production sphere. This concerns both the forms and methods of mobilization of export resources and realization of export products on foreign markets, as well as the ways of meeting the imports needed by different sectors in the economy.

In the USSR the quest for the most rational organizational and economic forms of connection of industry and other sectors with foreign trade has been topical in all stages of socialist construction. While keeping intact

the principle of external economic ties as a state monopoly, the Party has always been keen on the organizational forms and methods of its application being adapted to the changing internal and external economic conditions and tasks of the country.

The pivotal problem in improving the organizational forms of foreign trade most often has been the need to bring them into accord with the level of the productive forces and to remove the barriers dividing the interests of production and the foreign trade sphere.

For the initial stages of the country's development this problem was most clearly formulated by the October 1925 Plenary Meeting of the RCP (B) Central Committee which summed up the results of the seven-year experience of conducting foreign trade as a state monopoly. In the Meeting's resolution "On Foreign Trade," among the measures requisite to set up a flexible and effective commercial system mention was made, besides the need to specialize foreign trade organizations, of the imperative necessity of satisfying the "sound interests of industry and agriculture in the area of foreign trade."

The need to establish close contacts between production and the foreign trade sphere was also dictated at later stages of Soviet foreign trade development.

The 24th Congress of the CPSU called for the elimination of a narrow departmental approach to the country's external economic activity. "This activity," the Congress noted, "must be based increasingly on a combination of production and commercial functions so as to react quickly to the requirements and possibilities of the world market and to use them to the utmost in the interests of our economic development."

The 25th CPSU Congress, having set the task of further improving the planning, direction and organization of the country's external economic ties, pointed out the need to enhance the role and responsibility of sectoral ministries and departments in raising the effectiveness of these ties and also to improve the economic incentives for their development. Similar requirements were formulated by the 26th Congress of the CPSU.

At the present stage of restructuring the Soviet economy and its drastic renovation and updating, the problem of improving the system of external economic ties is of special importance.

At the June 1985 Meeting of the CPSU Central Committee, while analysing the problem of connection between industry and foreign trade, M.S. Gorbachev, the



General Secretary of the CPSU Central Committee, noted the insufficient material interest of industrial enterprises in the development of exports, above all, in their progressive structural tendencies in plant and material shipments. The conclusion he made was quite simple: "We must not put up with this any longer. It is important to actively stimulate work collectives, amalgamations and industries in general to increase the manufacture of export products."<sup>8</sup>

Elaborating this guideline, N.I. Ryzhkov, the Chairman of the Council of Ministers of the USSR, in his report at the 27th CPSU Congress formulated this problem as follows: "There is now practically no branch that has been left out of the sphere of foreign economic relations. But it is impossible to advance rapidly by traditional routes... The ministries, associations and enterprises have to be orientated towards building up the country's export potential and to raising the quality and competitiveness of machines and equipment, and other manufactured goods...."

"The foreign economic relations agencies, too, should restructure their work in the spirit of the new demands... It is essential that these agencies should have closer contacts with the ministries and enterprises, and that they should search for forms of coordinating their interests with the demands of the foreign market and be active participants rather than mere middlemen in carrying out national economic tasks."<sup>9</sup>

The dialectics of the problem under review is contained in the fact that, on the one hand, as the productive forces grow, progressive tendencies towards specialization of economic activity by its individual spheres (production, banking, transport, trade, etc.) show ever more clearly. As a result, the functions of realization are separated from production, with external economic activity becoming an autonomous sphere of the economy with all the advantages ensuing from this division of labour.

On the other hand, however, the same process of productive forces growth makes it necessary to enhance the interconnection between the individual specialized spheres of the economy. The material conditions of this process are provided by the growing volume and changing character of output, its complex and differentiated composition, continuous perfection of the technical standard, better quality and higher technoeconomic indicators of articles, development of new forms and methods of production, trade and other types of activity.

In foreign trade this tendency is observable in the growing volumes of trade turnover, its wider range thanks to involving in the exchange ever more sophisticated products, growing demands on the technical standard and quality of exports and imports and on the terms of their delivery, after-sale services, spare parts supply, etc. This calls for deeper interconnections between foreign trade and the production sphere in both marshalling export resources and their realization on foreign markets and establishing import requirements and choosing the best effective variants and rationalization of the import structure.

The Soviet state, while taking into account in its practical activity the existing tendencies and specifics of concrete stages of socialist construction, tried different organizational and economic forms and methods of its monopoly in the country's external economic ties. In the period of the New Economic Policy (NEP) and industrialization, export and import operations were performed through joint-stock companies, partnerships and syndicates. The joint-stock companies with Soviet or mixed capital were particularly active in exporting such traditional goods as timber, grain, flax, butter, coal, eggs and furs (Russian Wood Agency, Russangloles, Russhollandies, Amtorg, Arcos, etc.). There were special joint-stock companies for foreign trade through which cooperative organizations like Centrosoyuz, Selskosoyuz, Lnocentre appeared on the foreign market. Neftesindikat was in charge of the export of oil products. Companies like Textilimport, Selmashimport, Kozhimport, Metallimport, Electroimport and Khimimport and also economic organizations such as Rezinotrest, Chayeupravleniye were set up to carry out import operations. Moreover, within the Narkomvneshtorg (Foreign Trade Commissariat) the RSFSR Gostorg (State Export-Import Office) was established in 1922 to perform foreign trade operations.

The purpose of this ramified system was to involve organizations from the production and the consumer sphere in foreign trade operations on a self-supporting basis and make maximum use of the possibilities for marshalling export resources and rationalizing imports. All these export and import companies operated under the control of the Narkomvneshtorg on the basis of licences allowing them to undertake foreign market transactions; their contracts and agreements had to be submitted to the Narkomvneshtorg for approval. These companies performed their operations abroad exclusively through the special divisions of the Soviet trade representations in the relevant countries.

Later (1930-1935) the export and import joint-stock companies were reorganized into monopoly export and import associations under the jurisdiction of the Nar-komvneshtorg.

The tendency to carry out export-import operations through specialized foreign trade organizations (associations) reached its height in the late 1940s and the 1950s.

Subsequently, alongside the centralization of foreign trade operations, as the country's external economic ties expanded and the pattern of exports and imports grew ever more complex, the specialized foreign trade organizations were distributed according to the sectors of the national economy. The gradual modification of the centralized model of foreign trade was dictated by the need to bring the foreign trade agencies closer to the material production base and establish ever closer economic ties between the production and the trade sphere on a self-supporting basis.

Organizationally autonomous became such important types of external economic activity as economic and technical assistance to other countries in building industrial and setting up other projects, cooperation in science and technology, which previously were under the control of the Foreign Trade Ministry. In 1957 the State Committee for Foreign Economic Relations was set up, and in 1965—the State Committee for Science and Technology, within which all-Union associations were established to carry out these specific types of external economic activity. In the 1960s some specialized organizations participating in the country's external economic activity were transferred to other ministries and departments (Sovfracht, Intourist, Sovexportfilm, Vneshtorgizdat, Skoloimport).

In line with the decision of the CPSU Central Committee and the USSR Council of Ministers of August 19, 1976, those associations within the system of the USSR Foreign Trade Ministry were reorganized into all-Union self-supporting foreign trade associations controlled by the Foreign Trade Ministry with the participation of sectoral ministries and departments and performing export-import operations on the range of goods fixed for them. The boards of these associations include representatives from industry. *Zagranpostavka's* special subdivisions were created in the sectoral ministries; measures were taken to enhance economic incentives for industrial enterprises to increase the output of export products, and so on.

Thus, prior to 1987 the USSR's external economic ties were effected by foreign trade associations and organiz-

ations of the Foreign Trade Ministry, the State Committee for Foreign Economic Relations, the Ministry of Merchant Marine, the USSR Ministry of Trade, the State Committee for Cinematography, the State Committee for Science and Technology, the State Committee for Material and Technical Supply (Gossnab), the Central Union of Consumer Societies (Centrosoyuz), the State Committee for Publishing, Printing and Bookselling, the Chamber of Commerce and Industry, the Copyright Agency of the USSR. This notwithstanding, the degree of centralization of the country's external economic activity continued to be rather high: over 90 per cent of the USSR's foreign trade turnover went through the all-Union foreign trade associations within the system of the USSR Foreign Trade Ministry.

Under the excessive centralization of foreign trade transactions, the production sphere finds itself organizationally divorced from the foreign market; it bears no direct responsibility for and is not directly interested in the development of exports or the advantageous formation of imports; it has insufficient knowledge of the foreign market and is not aware of its requirements. The organizational autonomy of the production and the foreign trade sphere hinders the planning and economic tie-up of their interests; experience shows, moreover, that this autonomy in fact predetermines their planning and economic divorcement. Such a situation is becoming an impediment to the mobilization of export resources, rationalization of exports and imports and development of progressive forms and methods of external economic ties.

The need to improve the system of external economic activity has become particularly acute in the new conditions of economic management, since the change-over to self-financing principles calls for the maximum unity of all spheres in the economy.

Bringing production closer to foreign markets is necessary for the country to build up its export potential, form and constantly replenish the stock of competitive industrial products, study technical questions in an ever more qualified manner, make foreign trade contracts ever more effective commercially. It is required as a means to remove departmental barriers obstructing the development of foreign trade, to enhance the responsibility of the production sphere for and its interest in the quality of export products and the economic results of foreign trade transactions.

Experience has shown that export and import operations carried out through specialized foreign trade organ-

izations are the most rational. Such organizations may function within the system of different departments. In the course of the radical restructuring of the country's external economic complex measures are being taken to extend the powers of several sectoral ministries and departments as concerns their activity on foreign markets.

In conformity with the decision of the CPSU Central Committee and the USSR Council of Ministers adopted in August 1986, foreign trade self-supporting organizations are to be set up in 21 sectoral ministries and departments on the basis of their own subdivisions and some foreign trade associations transferred to them by the USSR Ministry of Foreign Trade. At the same time foreign trade firms are to be set up on a self-supporting basis at approximately 70 scientific-production and production associations and enterprises which are in a position to export appreciable quantities of high quality products.

The dispersal of foreign trade functions among several ministries, departments and enterprises is intended to achieve a resolute turn assisting the intensive development of foreign trade which has been held back in recent years mainly by two factors:

- exhaustion of the possibilities for the extensive development of foreign trade on the basis of the intersectoral division of labour due to the physical increase in the volume of raw materials and fuel shipments for export approaching the limit of economic advantage;

- gradual deterioration of the competitive position of Soviet industrial products on foreign markets in the present on-going acceleration of scientific and technological progress

The real possibility for overcoming the above-said impediments lies in the wider and more direct involvement of the production complex in the external economic sphere: on the one hand, by enhancing its activity, interests and independence, and on the other, by increasing its responsibility for the development of economic contacts with other countries.

Such a policy makes it possible to solve problems that have arisen in the area of foreign trade. This requires, above all, the creation of new export resources and the manufacture of competitive industrial products by mobilizing the internal reserves contained in the very mechanism of the socialist economy and its foreign trade, thanks to unconditional progressive changes in the base of material production. In this way the essence of interrelations between production and the external



economic sphere is changed radically. In the past the production complex was faced with the task of adapting itself to our foreign trade organizations' activity on foreign markets with due regard for the latter's requirements and specifics, whereas in the new conditions foreign economic activity acquires a fundamentally new character for the production sphere: it is becoming part and parcel of the country's general economic activity.

What is a characteristic feature of the state monopoly of foreign trade and other types of external economic activity is its exercise, as is stated in Lenin's decree on the nationalization of foreign trade, by specially authorized organizations on behalf of the state. However, Lenin pointed to the possibility of different stages and forms of this monopoly ranging from "absolute monopolization" under which the monopoly of foreign trade is exercised by only one specially authorized agency to "liberal" monopolization" under which the forms and methods of performing external economic functions become ever more versatile and flexible. Analysing the practice of granting individual enterprises the right to transact on the foreign market in the 1920s, Lenin underlined that absolute monopolization of foreign trade was now "substituted by a *liberal* monopoly, a monopoly unconditionally and in any case."<sup>10</sup>

Is then it possible to interpret the transformations now taking place in the country's external economic activity as a decline in the level of state monopolization of foreign trade in the USSR?

There may be only one answer to this question: in the new conditions the principle of external economic activity, organized as a state monopoly, has been given fresh impetus.

Organizationally this is seen in the fact that besides distributing foreign economic functions among sectoral ministries, departments and enterprises measures are being taken to enhance and raise the level of centralized direction in the sphere of external economic ties. The State Foreign Economic Commission of the Council of Ministers of the USSR (SFEC) has been formed, whose task is to work out the country's foreign economic policy and the concept of its external economic ties, to implement measures for radically improving its economic activity abroad, to develop and improve its trade economic commitments. The SFEC is called upon to direct and coordinate the activity of all agencies within the system of external economic ties of the country. At the same time such government agencies operating in this sphere as the USSR Foreign Trade Ministry and the

State Committee for Foreign Economic Relations have been vested with the function of control, coordination, and methodical guidance of the commercial, marketing and other work of not only the all-Union associations within their system, but also of the self-supporting foreign trade organizations and firms under sectoral ministries, departments and production associations.

This means that the decentralization of export and import operations is accompanied with the enhancement of the supra-departmental functions of the Foreign Trade Ministry, the State Committee for Foreign Economic Relations and other government foreign economic agencies. It is worth noting that a similar tendency is also observed in the other socialist countries carrying out economic reforms in their foreign economic sphere.

Along with the enhancement and raising of the level of centralized guidance, coordination and control of external economic ties, the methods are also changing. The centre of gravity is shifting from administrative-directive to economic methods and levers of control. The key purpose of the transformations now in progress is to create a new mechanism of external economic ties and bring it into line with new conditions and methods of economic management in the production sphere.

The "set" of specific levers which can be applied by government agencies for exercising control over the observance of state interests in the sphere of foreign economic ties includes a whole complex of various economic instruments: a plan for currency earnings, long-term normatives for judging the effectiveness of foreign trade transactions, differentiated currency coefficients applicable in export and import calculations, deductions into the currency funds of enterprises and associations, control over the correctness of prices and the use of the given market situation, export and import licences, etc.

The idea of the new mechanism is to introduce the principles of self-supporting into the external economic activity of foreign trade organizations and industrial enterprises. In the decision of the CPSU Central Committee and the USSR Council of Ministers, On Measures to Improve the Management of External Economic Ties, it is envisaged that the ministries and departments having the right to conduct export and import operations should carry out this activity on the basis of the obligatory application of the principles of economic accounting, currency self-recoupment and self-financing.

Thus, the economic independence of industry in the country's foreign economic activity and its responsibility for exports and imports are growing. This is evidenced, in particular, by the switch to a contractual system of export and import shipments. The use of the system of self-supporting contractual relations instead of export and import orders is helping the change-over to economic methods that coordinate and ensure the most expedient export and import variants.

Provision is also made for the application of new instruments enlivening the production sphere's economic interest in the expansion of exports: setting up in associations and enterprises of their own currency funds, and in ministries of centralized currency funds from which to finance export-import transactions; a gradual transition from centralized currency financing of purchases and sales to currency self-financing and bank crediting.

Alongside the enhancement of the economic independence and interest of the production complex, the latter's responsibility for its activity on foreign markets also increases. For instance, new levers are being brought into play to influence the work of enterprises having the right to operate on foreign markets. From 1987 onward the indicators approved for these enterprises to assess the results of their economic activity include currency earning targets. Provision is made to include in the economic and social development plans worked out by ministries, departments and enterprises a special section on external economic ties. Measures are being taken to improve penalty, compensatory and other sanctions as a means to assure the reaching of planned targets and fulfilment of contractual obligations.

Finally, it is established that the results of the foreign economic activity of associations, enterprises and organizations should organically be added and contained within the total results of their economic activity and directly influence the formation of economic incentive funds. With this aim in view, the price formation procedure for exports and imports is changed: payments for goods supplied for export or for imported products will be made on the basis of actual contract (invoice) prices expressed in rubles according to the differentiated exchange coefficients.

Thus the state monopoly of foreign trade at present is exercised through the new economic mechanism of foreign economic ties. The efficiency of this mechanism will in large measure depend on accounting the objective conditions for the development of external economic

ties in changing to self-supporting in the given sphere.

Among these conditions emphasis is placed on the following two: the discrepancy between the value criteria of economic activity on the home and the foreign market; harder technical and commercial requirements, norms and standards of the world market as compared to those for the home market.

The economic model of our foreign trade monopoly presupposes the economic interests of all agencies operating in the foreign trade sphere being tied up as one whole. This model can efficiently function only when the plan and economic divorcement of the foreign trade and the production sphere is eliminated. This can be achieved by planning currency earnings for the production sphere. The plan for currency receipts orientates the production sphere on fulfilling tasks equivalent to those of the foreign trade sphere and meeting macroeconomic requirements. In other words, the self-supporting mechanism of manufacturing enterprises will operate in the same direction as self-supporting mechanism of foreign trade organizations.

For efficient participation in the international division of labour it is necessary to have a well-adjusted and concerted policy to ensure the economic regulation of exports and imports. As has been noted above, currency coefficients are called upon to play an important role in this respect. Currency coefficients, however, will not settle all problems. Parallel to them the mechanism for regulating foreign economic transactions might include some other levers, also applied all over the world (taxes, customs duties, etc.). Most generally, the purpose of such levers could consist in regulating the distribution of the final results of export and import operations between their participants.

Irrespective of the level of currency coefficients, in practice it will be necessary to solve a problem most important for the production sphere: should the level of profitability of foreign trade operations be evened up through currency coefficients with the profitability of operations on the home market, or should the system of settlements be aimed at deviating profitability indicators so as to provide conditions for encouraging exports and restricting imports.

As for exports, this problem should perhaps be solved according to the type of output. For new products, for instance, higher indicators of profitability are possible for making progressive changes in the export pattern and increasing export resources. In the case of imports, the problem should in all probability be settled

so as to prevent unjustified expansion of import-oriented requirements. A certain restrictive influence in this respect will be exerted by the switch to imports basically conducted on the self-financing principle of an enterprise. At the same time we should not ignore the possibility of using such a lever as regulation of the distribution of profits resulting from import operations by imposing taxes or duties on imports.

Not less important is the problem of "smoothing over" the effect of world price fluctuations on production and foreign trade activity. A situation may arise on the world market in which an unexpected rise or fall in prices will lead to a steep change in the results of foreign trade as determined on the basis of fixed currency coefficients. To smooth out the effect of such fluctuations on production and foreign trade activity, it is perhaps advisable to have "price difference" or risk-covering funds, replenishing them in the periods of a price soar and favourable economic outlook, or drawing resources from them in the periods of a price fall.

Exercise of the foreign trade monopoly under the new economic mechanism will thus require a continuous quest for new and an improvement of existing instruments for assisting implementation of the country's foreign trade policy. The improvement in this area will be determined by the guidelines for the economic development of the USSR and the outlook of world commodity markets.

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<sup>1</sup> V.I. Lenin, *Collected Works*, Moscow, 1969, Vol. 42, p. 41.

<sup>2</sup> *Ibid.*, Moscow, 1977, Vol. 27, p. 250.

<sup>3</sup> *Ibid.*, Moscow, 1977, Vol. 27, p. 252.

<sup>4</sup> L.B. Krasin, *Questions of Foreign Trade*, Moscow, 1971, p. 51 (in Russian).

<sup>5</sup> V.I. Lenin, *Collected Works*, Moscow, 1981, Vol. 45, p. 577.

<sup>6</sup> *The CPSU in the Resolutions and Decisions of Congresses, Conferences and CC Plenums*, Politizdat Publishers, Moscow, 1971, Vol. 3, p. 228 (in Russian).

<sup>7</sup> *24th Congress of the Communist Party of the Soviet Union. Documents*, Moscow, 1974, p. 74.

<sup>8</sup> M.S. Gorbachev, *Selected Speeches and Articles*, Progress Publishers, Moscow, 1986, p. 142.

<sup>9</sup> N.I. Ryzhkov, *Guidelines for the Economic and Social Development of the USSR for 1986-1990 and for the Period Ending in 2020*, Novosti Press Agency Publishing House, Moscow, 1986, pp. 52-53.

<sup>10</sup> V.I. Lenin, *Collected Works*, Moscow, 1981, Vol. 45, p. 515.

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CSO: 1812/219



## UZBEK FOREIGN TRADE ACTIVITIES REPORTED

## Exports to Increase

[Editorial Report] Tashkent SOVET OZBEKISTONI in Uzbek on 11 January 1987 carries on page 3 a 300-word item by Abdurashid Mutalov, Representative of the USSR Ministry of Foreign Trade to the Uzbek SSR Council of Ministers, entitled "Significant Contribution" in which he remarks that nearly 200 different products made in Uzbekistan are exported to foreign countries, and that in general volume of exports the republic ranks third after the RSFSR and the Ukraine. Over 70 countries, including capitalist countries, purchase goods produced in the republic. These include: cotton fiber, cotton seed, thread, silk cloth, astrakhan pelts, fruits and vegetables, aircraft, tractors, cotton harvesters, excavators, petroleum products, pharmaceuticals, electronics equipment, arts and crafts, and others. Mutalov states that the republic's potential in this field has not been fully realized, and there are plans to increase the contribution of the republic to Soviet economic ties with foreign countries.

## Uzbekbirlashuv Exports

[Editorial Report] Tashkent SOVET OZBEKISTONI in Uzbek on 10 January 1987 carries on page 4 a 600-word newspaper interview with G.G. Volkov, first deputy chairman of Uzbekbirlashuv, entitled "Trade Relations Are Expanding" in which he comments on the organization's foreign exports. Working within the system of the All-Union Soyuzkoopvneshtorg Union of Tsentrosoyuz, the Uzbekbirlashuv has established export-import ties with 18 countries. Last year it exported R43 million worth of 24 different products and imported R160 million worth of goods. Its primary trading partners are Bulgaria, Hungary, East Germany, Czechoslovakia, Romania, and Yugoslavia, but it also has ties with developed capitalist countries like Japan, Finland, West Germany, Austria, and most recently Spain. The Democratic Republic of Afghanistan ships dried fruit, nuts, caraway, and citrus fruit to the republic in exchange for cultural, school, and study items, and various food products. Recently, the Uzbekbirlashuv signed an agreement to ship mineral fertilizer to the Xinjiang-Uigur Autonomous Region of the Chinese People's Republic.

## Chamber of Commerce Activities

[Editorial Report] Tashkent SOVET OZBEKISTONI in Uzbek on 18 January 1987 carries on page 4 a 1,000-word newspaper interview with Hamid Hakimov, deputy

chairman of the Board of the Uzbek SSR Chamber of Commerce and Industry, entitled "On the Path of Friendship and Cooperation" in which he emphasizes that the chamber's primary purposes are to organize exhibits of Uzbekistan's product for display abroad and exhibits of foreign products in Uzbekistan. Last year, the chamber, along with the republic State Agroindustrial Committee, Ministries of Light and Local Industries and Land Reclamation and Water Resources, Academy of Sciences, and the Uzbek Tekstil'mash Plant, participated in an international fair in Lisbon, Portugal. In addition, the chamber's member organizations organized several symposia and exhibits of foreign goods, including for the Sadolin Firm of Denmark, the Tekhnokommerts Union.

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CSO: 1836/405

## SOVIETS BEGIN TV BROADCASTS TO AMERICA

Moscow IZVESTIYA in Russian 21 Feb 87 p 7

[Article by S. Dvigantsev under rubric "TV and Us": "American Looks At Moscow." Interrogatory paragraphs appear in boldface]

[Text] We are in the "Intervision" technical control room in the Moscow TV center at 7 o'clock in the morning. Senior Engineer Mariya Vysotskaya is at the control panel. A brief conversation with Central TV control follows:

"We are working with the first program on the third outgoing line. The satellite is ready. Can we start sending to America?"

"The first program is ready. We are going on the air!"

Mariya Ivanovna presses a button on the switching panel, and an electrically-coded image breaks away from the spire of the TV tower in Ostankino; it speeds to the satellite communications station in Dubna, near Moscow, from where it shoots into outer space. From the "Intelsat" satellite, it leaps across the ocean and brings a "live picture" to television screens in millions of American apartments.

This important and complicated event, as is usual, was preceded by negotiations and experiments. I asked Valentina Lazutkina, the chief of the Main Directorate of Foreign Relations of USSR Gostelradio, to tell us about it:

"It all began with a 'dish,' which is the word customarily used to denote the television antenna invented by Ken Shaffer, president of the 'Orbit' Company. The 'dish' is in the shape of a hemisphere (from which it gets its amusing name). But, joking aside, this antenna is installed on the roof of a New York skyscraper, and it receives images from the space communications satellite steadily and without interferences. Ken Shaffer proposed trying out his invention for the reception of Soviet television programs. We signed an agreement with the 'Discovery' cable television company and the 'Orbit' corporation, giving them the right to show TsT [Central Television] broadcasts in the United States, and the first stage of the experiment was started in 1984. The audience was small at first: our programs were viewed by students of Columbia University in New York who were studying the Russian language and by American political scientists, in a word, by specialists who were already

established and those who were just beginning. The living Russian language helped them to master it quicker."

Is it possible that the unbiased picture of life in the USSR helps the viewers understand more than just the language?

"I will not try to judge. However, a fact is a fact: It was the American side that proposed broadening the limits of the experiment and to acquaint all subscribers of the 'Discovery' television network with Soviet television broadcasts."

How is broadcasting organized? Ye. Tarasova, manager of the legal negotiations group of the Main Directorate of Foreign Relations, provided the answer.

"In the morning (American time), our evening programs are transmitted directly, and in the evening, our morning programs. All broadcasts are 'live,' without recording, rearrangement and commentaries--this is specially stated in the agreement. Only the 'Vremya' ['Time'] program is recorded--it is aired in America at eight o'clock in the evening. This is the news period, and our partners decided not to break the normal broadcast pattern of its viewers. Here is an interesting detail: the provocative TV fraud 'America' starts at 9 o'clock in the evening local time--thus, the truth about the Soviet people on the television screens of Americans presents a striking contrast in comparison with ABC's slanderous film. The 'Vremya' program has English subtitles--translations are done by officials of the Soviet mission to the UN. Before the beginning and at the end of a broadcast, 'Discovery' makes arrangements to poll telephone viewers. For example, the moderator asks this kind of question: 'Has your previous impression of the Soviet Union changed?' There are two telephone numbers on the screen. A call to the first means 'yes,' and a call to the second means 'no.' At the end of the week, after showing all of the scheduled 66 hours of Central Television broadcasts, 'Discovery' will conduct an analysis of viewer opinions."

What is the outlook for this kind of cooperation.

"The idea for the experiment was supported by the cable television network 'Manhattan Cable.' Starting in April, it will also begin transmitting Soviet programs to its viewers. The TBS company has already inaugurated a series of broadcasts about Soviet-American relations with the showing of the film 'Notes of a Dead Man.'"

Many in America cannot stomach the truth about our country. The attempt of the U.S. Federal Communications Commission to disrupt the transmission of scheduled broadcasts is evidence of this. For three hours before the premier showing, the commission prohibited the "Orbit" corporation from receiving television signals from the Soviet "Molniya" communications satellite, as it had been planned beforehand. Nonetheless, a new channel was found: the broadcast was aired exactly at the scheduled time.

/Our own correspondent, L. Koryavin, reports from Washington/

I press the button on the TV channel control switch. A cascade of fire bursts forth, gunshots ring out, dashing cowboys rush around, and a tiger crouches for a mighty leap--the advertising symbol of the "Exxon" company. But then the English letter "V" flares out--it is the first letter of the well-known word "Victory." It denotes the channel which now transmits direct broadcasts from Moscow. I hear a familiar melody. And there is a closeup on the screen of our program "Vremya. . ."

Soviet broadcasts appear on channels of so-called cable television. Its distinctive feature is that it has its own "subscribers" in the United States, that is, those who for a specified sum have the right to use one or another commercial channel. "Discovery" operates through 1,500 cable systems. And this means that broadcasts from Moscow, according to the TV company's calculations, are viewed by a minimum of 35-40 million persons.

"Unquestionably, the figure will grow," Ken Shaffer, the president of "Orbit Technology," told me. "The news of the transmission from Moscow flashed across the United States. At this very moment, neighbors are knocking on the doors of the homes of holders of the 'Discovery' channel. To see life in the Soviet Union from the inside, to hear Moscow's news that is accompanied by English subtitles is amazing and remarkable! TV viewers continuously call us up at the studio. . .

And indeed, during the conversation with Ken Shaffer, the telephone ringing did not stop. TV viewers thanked the company that arranged the contact with Soviet colleagues. For many, the picture of real life in the Soviet Union is an absolute discovery; what they saw "straight from Moscow" was in sharp contrast with the propaganda to which they had become accustomed and which distorts Soviet reality.

John Hendricks, the chairman of the board of directors of the "Discovery" TV company, also spoke to me about the great benefit to be gained by Americans from the transmission of direct broadcasts from the USSR:

"I consider what our company did together with USSR Gostelradio to be an historic event. In the future, 'Discovery' is thinking about recommending some of its programs for the Soviet viewer.

In translation from the English language, "Discovery" means "Otkrytiye." This is profoundly symbolic. The television channels of "Orbit Technology" and "Discovery" performed a good deed--they are revealing the truth about the Soviet Union to Americans, which will promote not division, but a strengthening of the mutual understanding of two great nations.

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USSR COMPLAINTS ABOUT RADIO PSYCHOLOGICAL WARFARE

Riga SOVETSKAYA LATVIYA in Russian 4 Jan 87 p 3

[Article by Yu. Kashlev, doctor of historical sciences, "On the Front Lines of the Ideological Conflict: Psychological Warfare - A Special Form of Aggression"]

[Text] The facts irrefutably testify: bourgeois politicians and ideologues fear and avoid an honest, highly principled philosophical discussion with the world of socialism. They have gambled on large-scale psychological warfare and subversive propaganda that have nothing in common with the struggle between ideas. The issue involves a special kind of "aggression and information imperialism, that trample on the sovereignty, history and culture of the people", as was noted in the Political Report of the CPSU Central Committee at the 27th Party Congress.

Our opponents in the class struggle assign radio propaganda a leading role among the tools intended to undermine the socialist world.

A so-called program of "radio station modernization" was recently adopted in the U.S. under pressure from the White House. The program is intended to run for five to six years. This was declared in principle in Washington as early as 1983 at a closed session of the National Security Council with the participation of President R. Reagan. "Modernization" is a component part of the "program of democracy and public diplomacy", proclaimed by the administration. Its true goal is the manipulation of public opinion abroad, bringing it over to the political views of Washington and undermining the governmental and social foundations in socialist and all other nations not pleasing to the White House.

The U.S. president has signed legislation that provides for the allocation of almost a billion dollars to the U.S. Information Agency, USIA, in 1987.

Washington has already allocated 1.3 billion dollars for the modernization of the "Voice of America" radio station, which is part of the USIA (the radio station directors are hoping that modernization will not only produce a "great leap forward in the technical equipment, but also in the quality of the propaganda itself"). It is planned that an additional several tens of millions will be added to the "Voice" in the new fiscal year. The International Radio

Broadcasting Council, which is formally responsible for the activity of the CIA radio stations "Radio Svoboda" and "Radio Free Europe" (RS, RFE) will also receive several million dollars. Just how much the spy agency will give them is of course not advertised.

Characteristically, in order to improve the operational efficiency of these subversive centers, the former director of the "Voice of America", Eugene Pell, was recently assigned as their director. Prior to this, he headed up the Moscow office of NBC, where he specialized in the fabrication of an entire series of antisoviet insinuations and then was chief of the military radio center in New York. Eugene Pell is considered a great "expert on problems of the USSR".

But let us return to the "Voice of America". The modernization plan for this radio station provided for the construction of new facilities and offices for it in Sri Lanka, Morocco, the Federal Republic of Germany, Spain, Portugal, Pakistan, Hong Kong, Israel and a number of other countries. Only in Israel, for example, is it planned that 16 repeaters will be placed in service, which in addition to the "Voice", will also serve Radio Svoboda and Radio Free Europe.

It is planned that the total number of "Voice of America" branches will reach 23 abroad and 6 in the United States in the near future. Although there are now more than 2,700 radio station personnel, their numbers are continually increasing. The overall program volume reached 1,327 hours per week; the number of broadcast languages is also growing and the "audience coverage area" is also expanding.

The chief of the USIA, Charles Wick, does not conceal the fact that the funds generously allocated to his department are intended for stepping up the psychological warfare against the USSR and other socialist states in order "not to allow the spread of Communist influence in the world". The managers of the "Voice" openly acknowledge that the purpose of the radio station is the destabilization of the USSR and its allies and the creation of dissension between peoples and governments.

The activity of the CIA radio centers - the Radio Svoboda and Radio Free Europe Stations - is also of a clearly pronounced subversive nature. It was reported in the Polish Press, for example, that once in just the course of a day, the Western radio stations transmitted more than 100 times in their programs to Poland calls to the populace to "organize antigovernment street demonstrations". The most insistent, loudest and longest of the voices among them was that of Radio Free Europe. The following fact is also well known: in one of the programs in the Polish language, the radio station transmitted instructions from 32 points concerning methods of underground struggle against the legal government.

It is to be asked whether this is really "dissemination of information"? Of course not. This is nothing more than genuine subversive activity against a sovereign state.

Radio programs as well as speeches by certain officials of the United States and other NATO nations in connection with the accident at the Chernobyl Nuclear Power Plant were cited by the press for particular cynicism, baldfaced slander and malevolence. Appearing on Soviet television on May 14th, 1986, M.S. Gorbachev spoke as follows about this: "They have unleashed an unbridled antisoviet campaign. What haven't they spoken about and written about these days - the "thousands of victims", "common graves for those who perished", "extinct Kiev", and about the fact that "all of the land of the Ukraine is contaminated" and so on and on.

In general, we have come up against a real heap of lies - the most malevolent and unconscionable . . . They needed to have a reason that they could grasp at in order to attempt to denigrate the Soviet Union, its foreign policy and weaken the impact of Soviet proposals for stopping nuclear testing, eliminating nuclear weapons and simultaneously easing the growing criticism of U.S. behavior in the international arena and the militaristic course of the U.S."

A characteristic feature of psychological warfare has always been the use of various kinds of traitors and deserters in the propaganda directed at the nations that were once their homeland. Among the 1,800 regular staff members and "experts" of Radio Svoboda and Radio Free Europe are no few former stooges of Hitler and Nazis, who stained their hands with the blood of Soviet, Polish and other citizens during the Second World War, as well as traitors and criminals who abandoned their own countries in the post-war years. These renegades have now obtained powerful microphones and are using slander to desecrate socialist nations, hiding behind foreign names and impudently beginning their programs with the words, "Dear fellow countrymen . . ."

They will not tell you in any of the radio Svoboda and Radio Free Europe programs that these stations themselves and the editors and announcers working at them are only a portion of the enormous iceberg of special services of the United States, who have become skilled in the conduct of total psychological war. But the facts cannot be concealed by passing over them in silence. The headquarters of Radio Svoboda and Radio Free Europe in Munich have served for decades as one of the major analytical centers for American intelligence and only a minor portion of their "product" (no more than 15 to 20 percent) is used for radio broadcasting. The remainder goes for diversion and subversion purposes. For example, the so-called "sociological service" of Radio Svoboda prepares instructions for the "handling" of Soviet citizens coming to the West; the "research dossier" of the radio station provides the CIA with information on Soviet economics, foreign policy, legislation as well as military and other topics.

The very word "diversion" in being translated from Latin means "distraction" and "deviation". The imperialist special services and propaganda organs are precisely attempting to cause Soviet people to "deviate", if we are speaking about our country, from the ideology of Marxism-Leninism and from the moral and proper standards of the socialist way of life.

The organizers of such diversions make wide use of deception, blackmail, psychological influence, the manipulation of base prejudices and senses, as

well as the instigation of antisocial actions. Imperialist propagandas strive at least to ideologically devastate man, excite a feeling of uncertainty in him, sew apathy, obfuscate and poison his consciousness with national prejudices and shake his confidence.

Specialists in the field of international law associate that foreign policy propaganda activity directed towards overthrowing the existing order in other countries or which can promote the occurrence of war with the category of ideological diversion. Such activity is completely illegal and it is a crude contradiction of the essence of generally accepted international documents, such as the UN Charter, the Final Document of the Conference on Safety and Cooperation in Europe as well as a whole series of conventions, declarations and resolutions of the UN and UNESCO that condemn intervention in the internal affairs of other peoples and require that states prohibit war propaganda and incitement to violence and hostility. Such activity is a direct violation of the major principles of international law, starting with the principles of the sovereignty of all states and respect for their social structure.

The Soviet Union has consistently held the line on excluding the propaganda of enmity between peoples from international life and bringing an end to malevolence in the information media calling for intervention in the affairs of others. Together with fraternal socialist nations, our state continually comes out for the dissemination of truthful information, which would help to restore a climate of trust between peoples and would thereby promote the resolution of the most important problem of the present day: the easing of the threat of war and the preservation of peace and life on the earth.

In continuing with this fundamental line, the Soviet Union secured the adoption of a declaration at the 38th Session of the UN General Assembly (1983) condemning nuclear war. It contains a special statement noting the impermissibility of disseminating both the propaganda of political and military doctrines and concepts called upon to substantiate the "legality" of using nuclear weapons first, as well as the permissibility of unleashing nuclear war in general.

The question of the impermissibility of actions directed towards undermining the public and political structure of sovereign states was again discussed at the 39th session of the general assembly in the context of a proposal put forward by the Soviet Union to discuss the policy of state sponsored terrorism. The overwhelming majority of UN member states voted for the resolution, with the exception of the U.S. and a few of their allies, including Israel and Chile.

The fact that the United States stubbornly voted against all resolutions relating to these questions at a number of UN General Assembly sessions, as well as the fact that the U.S. made a demonstration of leaving UNESCO once again confirm Washington's striving to keep its hands free to continue the psychological war.

Of course, we have no reasons for overestimating the influence of bourgeois propaganda. Over the years of Soviet power, our party and our state have more

than once been forced to deal with the fierce military and ideological attacks of imperialism. But our people have gone confidently ahead, overcoming any obstacles. Any attempts to interfere with our forward progress towards communism today are all the more in vain, when we have constructed a society of social solidarity and confidence, when a powerful friendship exists among the nations of socialism and when ever new millions of workers throughout the entire world are coming under the banner of Marxism-Leninism.

All of this is true. But another thing is also obvious: we do not have the right, even for a minute, to relax our political vigilance. V.I. Lenin noted: "The law that the power of a revolution, the power of an onslaught, the energy, resolve and exultation of its victory strengthen along with the power of the resistance on the part of the bourgeoisie has been confirmed in our revolution, more than in any other" ("Complete Collected Works", Vol. 40, p. 244). We are dealing with an experienced enemy in the class struggle, one who is resourceful and unprincipled, and it is understandable that a continual state of ideological mobilization, openness of information and a courageous and creative character for our propaganda are necessary in the ideological struggle with him. As was noted in the Political Report of the CPSU Central Committee of the 27th Party Congress, it is necessary to go on the offensive, and as far as unmasking the ideological diversions is concerned, it is also necessary to bring out truthful information on the actual accomplishments of socialism and the socialist way of life.

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U.S. 'HAS RECOURSE TO FINANCIAL BLACKMAIL' OF UN

LD050527 Moscow TASS in English 0512 GMT 5 May 87

[Text] New York 5 May TASS--TASS correspondent Vyacheslav Chernyshov reports:

U.N. Secretary General Javier Perez de Cuellar published Monday a draft budget of the United Nations Organisation for a new two-year term. The budget [words indistinct] projected at 1,681.3 million dollars.

In submitting the draft to a session of the Committee for Programme and Coordination, he pointed out that in keeping with the process of reforms and renovation at the United Nations and saving funds in conditions of the financial crisis plaguing the organisation, this sum is 1.8 percent down from the allocations for the current two-year period.

Perez de Cuellar noted that the process of reforms and renovation should be effected in the way which would enable the United Nations to fulfil the principal goals of its charter--to maintain world peace and security, develop friendly relations among nations, carry out international cooperation in tackling international economic, social, cultural and humanitarian problems. He underlined the need for all countries to fulfill their duties under the U.N. Charter and pay all of their statute contributions to the organisation's budget.

The United States, which has recourse to financial blackmail in an attempt to influence the United Nations' activity, is known to be the biggest debtor to this organisation. According to figures as of late March this year, the United States accounts for half of the funds which have not been contributed to the U.N. budget.

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CS0: 1812/190

TASS ANALYST SEES 'PETROLEUM BLACKMAIL' BY U.S.

LD121333 Moscow TASS in English 1150 GMT 12 May 87

[Text] Moscow 12 May TASS--By TASS news analyst Ivan Ablamov:

In a letter to the U.S. Congress President Ronald Reagan said that his administration had increased strategic oil reserves nearly five-fold--to 500 million barrels. He proposed to increase the stock to 750 million by the year 1993.

There is little doubt that one of the main objectives of that plan is to give the United States powerful leverage for lowering prices of crude on world markets.

The U.S. always did so many times before, notably with tin, copper and other raw materials produced in Asian, African and Latin American countries. It dumped large amounts of a given material from its strategic reserves on the market, causing the price to plunge. Indonesia, Malaysia, Bolivia, Zambia and many other developing countries know that from their own experience.

The U.S. always used such [word indistinct] actions when it needed to do so for political, strategic or economic reasons.

Washington is making no secret of its desire to carry on with such a policy--it helps the U.S. overcome its own economic difficulties at the expense of the developing countries and at the same time put political pressure on them.

According to the Union Bank of Switzerland estimates, that U.S. policy supported by other Western countries, caused prices of raw materials to fall 35 percent in 1980-1986. The plunge in prices had an extremely adverse impact on the developing countries, undermining their national development programs and exacerbating the problem of external debt.

The U.S. had already resorted to petroleum blackmail in the past--sales of part of its strategic reserves in order to weaken the stand of OPEC and keep prices of crude down.

In early 1986 the price of crude in individual contracts concluded in the U.S. was eight dollars a barrel.

That it was a carefully-considered policy will be seen from the comment of THE WALL STREET JOURNAL on the matter. It said that the plunge in crude prices over the past two years was a nice gift to the American economy.

The paper called for stiff opposition to any OPEC attempts to stabilize and increase prices of petroleum and to prevent it from doing so by dumping crude from the American strategic reserves at a lower price.

Moreover, the paper announced that a final defeat of OPEC would promote U.S. prosperity and national security.

Let us turn to facts here to understand what was meant by THE WALL STREET JOURNAL which expresses the views of American monopolies.

Experts estimated that as a result of the fall in the price of crude in half in 1985-1986 the capitalist countries which need about two billion tons of oil a year had paid almost 300 billion dollars less for that amount. That was a factor that helped capitalist countries develop their economies and check inflation. At the same time, as THE NEW YORK TIMES notes, a steep fall in the prices of oil made it virtually impossible for the developing countries to redeem their external debt and made them borrow more funds still.

But the point is that a fettering debt and, hence, greater political and economic dependence of the developing states is precisely what the U.S. and other capitalist countries would like to see.

/12913

CSO: 1812/190

U.S.-SOVIET COMMERCE BODIES MEET

Soviet-American Commercial Commission

Moscow FOREIGN TRADE in English No 4, 1987 pp 32-34

[Article by Nikolai Gladkov]

[Text]

The ninth session of the Joint Soviet-American Commercial Commission, an intergovernmental body established in 1972 to promote trade and economic relations between the two countries, was held in Washington in December 1986.

The Soviet governmental delegation to the session was led by B.I. Aristov, Minister of Foreign Trade of the USSR. The delegation included members of a number of ministries and agencies and Yu.V. Dubinin, USSR Ambassador in the USA.

R. Reagan, President of the USA, received the leader of the Soviet delegation. During the meeting important issues of Soviet-American trade were discussed. The US President passed his greetings to M.S. Gorbachev, General Secretary of the CPSU Central Committee. The President expressed hope that the delegations' talks would contribute to the expansion of bilateral "peaceful" trade to the mutual benefit of both sides. President Reagan said that he shared the desire to develop relations with the Soviet Union in trade and other areas. At the same time, he tied the problems of bilateral trade to issues having no direct bearing on it.

The Soviet side stressed the importance and mutual benefit of economic relations between the two countries. Despite quite a number of difficulties still in this field, however, in this area it is easier to build confidence than in some others. One cannot also disregard the importance of trade in the overall context of Soviet-American relations. The Soviet Union is inter-

ested in selling larger amounts of its goods in the US market, but normal terms of trade are necessary for this, similar to those the USA grants to other countries.

Meetings also took place between B.I. Aristov and US administration members and Congressmen (Secretary of State G. Shultz, Secretary of the Treasury J. Baker, Secretary of Agriculture R. Lyng, and others) who adhered to basically the same course as the US President with respect to principled problems of bilateral trade, trying to tie their solution to the so-called "human rights."

In accordance with the agenda of the session the delegations exchanged views on the state and prospects of Soviet-American trade; heard reports on the results of the fifth meeting of the Experts' Working Group that took place immediately before the session within the framework of the Long-Term Agreement to Facilitate Economic, Industrial, and Technical Cooperation of June 29, 1974; discussed the possibilities of expanding mutual trade, by utilizing, among other things, new forms of economic ties; considered issues facilitating commercial activities.

In their opening speeches at the session the Co-Chairmen of the Commission, Minister B.I. Aristov and Secretary M. Baldrige, pointed out the positive significance of continuing an official dialogue on the matters of bilateral trade at the Commission regular sessions. The possibility was noted of further developing trade within the framework of legislation in force in the USSR and USA, as well as the interest of both sides in increasing the volumes of mutual trade. In the opinion of both sides major obstacles obstructing trade still remain and it is necessary to continue to work and solve problems where it is possible.

The leader of the Soviet delegation in his statement called for a new approach to trade relations, noting that the main thing here must be a striving to trade on principles of equality and mutual benefit with absolute understanding of the fact that all sorts of discriminatory measures hamper the normal economic relations between the countries and lead to their curtailment.

The imbalance in favour of the USA still remains in bilateral trade, therefore the prospects of developing trade, including further purchases by the USSR of US goods, will to a great extent be determined by the volume of Soviet exports to the United States.



The US side was given a list of machinery, equipment and other goods which the Soviet Union could supply to the US market provided there are normal terms of trade.

In the last one year and a half-two years there was a noticeable reduction of trade between the USSR and the USA: in 1986 its volume amounted to about 1,500 million rubles (USSR exports—250 million rubles). This is half as much as in 1984, and 40 per cent below the level of 1985.

The major obstacle in the way of developing Soviet-American trade still continues to be US trade and credit legislation adopted in 1974. There also remain other obstacles against Soviet exports in the form of the so-called "non-tariff" barriers. USSR imports from the United States are most negatively affected by export controls which groundlessly prohibit export to the Soviet Union of many types of US goods, including modern equipment and technology.

In their speeches at the session US representatives spoke about the United States' desire to expand trade with the Soviet Union in the so-called "non-strategic" goods, about readiness to look for ways of eliminating the existing obstacles in the field of bilateral trade. However, it was again stressed that the solution of these problems will depend on the progress in other fields of bilateral relations.

At the same time, the US delegation at the session noted that during the period since the last session both sides had made steps towards improving the terms of bilateral trade. In particular, there has been an organizational improvement and an increase in the number of business meetings between representatives of US companies and Soviet officials, the number of inquiries from Soviet organizations for certain US goods has grown, holding of seminars by a number of firms at the US Commercial Office in Moscow has started once more. The US Department of Commerce rendered assistance in the preparation for US participation in the international exhibition Inprodtorgmash-86 held in the USSR. Work is under way jointly with the US-USSR Trade and Economic Council to prepare the US exposition at the Strojindusiria-87 exhibition in Moscow.

The Commission noted that in the above period conditions had improved for firms and organizations participating in the bilateral trade and that some problems confronting them when operating on each

others' markets had been partially resolved. This was considerably facilitated by the efforts applied by the USSR Ministry of Foreign Trade and the US Department of Commerce, especially the letters of the two ministers to the two countries' business communities recommending a reinvigoration of efforts to expand mutual trade. It was decided to continue bilateral consultations on matters facilitating business activity.

The work of the US-USSR Trade and Economic Council (ASTEC) was positively assessed by the Commission. The Council's contribution to the development of mutual trade was pointed out, as well as the expansion of its contacts with each country's business circles.

The session also considered some questions relating to Soviet exports. The US side, in particular, spoke of the intention to continue to work towards Congress's passing a law lifting the embargo on the import of seven types of furs from the USSR. An understanding was also reached, in principle, on lifting the embargo on the supply to the USA of Soviet nickel pursuant to which representatives of Soviet government departments and the US Department of the Treasury will immediately start technical negotiations.

Having noted a number of other obstacles in the way of Soviet exports to the USA, the USSR delegation indicated that they had to be eliminated. The sides agreed to continue their work on finding mutually acceptable solutions which would be compatible with the policies and legislation of either country. The Commission's attention was drawn to the situation evolving from the urea exported from the USSR because of the anti-dumping investigations started in the USA on this issue.

The session considered matters related to the implementation of a number of projects of possible cooperation between Soviet organizations and US firms. The Commission stated that the number of contracts signed was lower than either side would wish. An understanding was reached on invigorating efforts identifying and promoting the practical implementation of projects of mutual interest. Proposals will continue to be discussed in such areas as food industry, construction equipment production, iron ore dressing, coal slurry pipeline construction, irrigation equipment construction, the chemical industry.

The US delegation paid much attention to trade in agricultural produce, having expressed concern over

the stoppage of the USSR's purchases of wheat from the USA. The Soviet side explained that it was because US grain was uncompetitive compared with the commodity offered from other countries.

The Soviet delegation provided explanations on the position of the USSR with respect to joining the General Agreement on Tariffs and Trade (GATT). The Soviet Union would join GATT as a contracting party on agreed terms, but is interested in obtaining observer status at the intermediate stage. The Soviet side is prepared to observe the relevant rules, procedures and traditions of GATT, and after joining it—the treaty obligations. It has been stressed that the fundamental restructuring of the management of foreign economic relations under way in the USSR will contribute to its further involvement in the multilateral trade system on the basis of GATT principles and rules.

The US side, however, did not abandon its negative attitude towards the USSR's accession to GATT, but without excluding the possibility of further discussion of the question of the USSR's membership in GATT with Soviet representatives.

The participants paid much attention to considering the possibility of expanding commercial relations with reference to improving the management of foreign economic activities now under way in the Soviet Union. The Soviet delegation presented detailed information on measures taken in this field, on introducing new forms of economic cooperation between the USSR and Western firms, including the establishment of joint enterprises. It was stressed that one of the main purposes of the measures now in hand is to improve the economic mechanism and develop Soviet exports.

The work of the session was completed with signing of the Agreed Minutes. It was decided that the next, tenth, session of the Joint Soviet-American Commercial Commission will be held in 1987 in Moscow.

Assessing the results of the work of the ninth session of the Commission one may note that the exchange of views on a wide range of matters of bilateral trade was businesslike and constructive. The sides managed to agree on a number of practical solutions whose significance may in itself seem not so great, but gives hope for a turn to the better.

The Commission session was of primary importance for the successful outcome of the tenth annual meeting of the US-USSR Trade and Economic Council in New

York, during which there were many business meetings between representatives of Soviet organizations and US firms.

The session showed that despite the differing approach by the sides to the issues of bilateral trade and the existing obstacles in the way of its development, there are definite opportunities for expanding trade and furthering economic relations between the USSR and the USA in fields of mutual interest.

Durable, stable business ties are a reliable factor for improving the relations between the Soviet Union and the United States.

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#### 10th Meeting of ASTEC

Moscow FOREIGN TRADE in English No 4, 1987 pp 34-37

[Article by Boris Alekseyev]

[Text]

The tenth annual meeting of the US-USSR Trade and Economic Council (ASTEC), which was attended by many Soviet and US business representatives, was held early December 1986 in New York. The Soviet delegation comprised representatives from the State Foreign Economic Commission of the Council of Ministers, State Planning Committee, Ministry of Foreign Trade, State Committee for Foreign Economic Relations, State Committee for Science and Technology, Bank for Foreign Trade, Chamber of Commerce and Industry, a number of industrial ministries and government departments and foreign trade associations. The US delegation consisted of more than 300 business executives from 138 corporations and banks, members of ASTEC.

In his message of greetings to the participants in the meeting M.S. Gorbachev, General Secretary of the CPSU Central Committee, noting the role of ASTEC as an authoritative forum, called upon to actively contribute to the development of business relations between the two countries, expressed confidence that "Soviet and US businessmen can make a weighty contribution to establishing an atmosphere of most-favoured treatment for the cause of peace. Durable and stable trade and economic ties between our countries must become a positive factor in the relationship between the Soviet Union and the United States."

US President R. Reagan's welcoming message expressed the intention to develop peaceful trade with the USSR, to jointly make practical steps, and noted that the Council can play an important part in promoting trade and business contacts.

In the course of plenary meetings, open discussions on new forms of business cooperation, sessions of functional committees of the Council, as well as during individual business meetings the participants considered the state of and prospects for the development of Soviet-American trade and economic, scientific and technical cooperation, and openly discussed problems hampering the expansion of business relations, with a desire to look for ways of resolving them.

Statements made at the plenary meetings by the leader of Soviet delegation, B.I. Aristov, Minister of Foreign Trade of the USSR (Honorary Director of the Council), V.L. Malkevich, First Deputy Minister of Foreign Trade (Co-Chairman of the Council), other members of the delegation—representatives from the ministries and government departments, stressed the Soviet Union's readiness to conduct business relations with the USA on conditions of equality and mutual benefit, the need to find and implement specific projects of possible cooperation.

Noted at the same time was the close connection between the state of political relations and the development of trade and economic cooperation negatively affected by various kinds of restrictions that were by no means initiated by the Soviet Union.

The US side, as evinced from the statements made by Secretary of Commerce M. Baldrige, Under-Secretary B. Smart, Council Co-Chairman D. Andreas, leaders of major firms, representatives of the administration, also pins hopes on the possibilities of expanding US-USSR trade as it can become one of the leading elements in improving the relations between the two countries.

Participants in the meeting showed a lot of interest in the new forms of business cooperation following from the improvements being made in managing the USSR's foreign economic ties. The Soviet side spoke in detail about the economic restructuring under way in the USSR, its drastic renovation and modernization. "We take into account a possibility of foreign, including American, firms' participation in this task. Measures taken in the Soviet Union to improve the foreign economic relations system open up new prospects for cooperation," said M.S. Gorbachev's message to the participants in the meeting.



The essence of improving the system of foreign economic ties lies in bringing the production sphere to foreign markets which should stimulate the development of Soviet exports. Soviet representatives identified the organization of co-production on the basis of industrial cooperation, exchange of licences with the elements of compensation, and the establishment of joint enterprises as promising forms of cooperation with Western firms.

The decision to develop new forms of economic cooperation of the USSR with firms in the capitalist countries provoked interest, particularly among those US companies that have a long-standing relationship with Soviet organizations. These are such industrial corporations as Monsanto, General Electric, Occidental Petroleum, Dresser Industries, Dow Chemical, Singer, and a number of others.

However, in the environment of the discriminatory regime existing in the USA and the absence of the most-favoured-nation treatment with respect to the USSR in our bilateral trade it is necessary to take steps that would normalize business relations, eliminate the influence of unpredictable factors, often political, on the development of Soviet-American trade and economic relations.

The Soviet delegation presented exhaustive information on the legal aspects of improving the system of foreign economic ties of the USSR, and also the procedure for establishing joint enterprises with Western participation. At the same time, the need was pointed out for providing a clear definition of US legislative acts applying to US companies wishing to undertake such cooperation with Soviet organizations.

These and other issues related to the financial, organizational and informative side of putting the new forms of cooperation into practice were considered at the session of the Council's functional committees: Legal, Finance, and Small Business.

There was a broad exchange of opinions during the meeting of the Science and Technology Committee. Positively assessing the activity of the Committee in 1986, in particular, on holding seminars on labour productivity, utilization of turbine waste gas energy, establishment of joint enterprises, the participants in the session reaffirmed their intention to continue this cooperation. An understanding was reached on holding in 1987 and 1988 joint Soviet-American seminars on matters to do with welding, medical equip-

ment, the agro-industrial complex, biotechnology, exchange of technologies in machine building. US representatives showed interest in pooling the achievements of Soviet fundamental sciences with the US industrial firms' expertise in rapidly introducing innovations into production.

The state of and prospects for the development of tourism between the two countries were considered by the participants in the Tourism Committee. Noted was the importance of the resumption of direct air traffic between the USSR and the USA. A considerable expansion of tourist exchanges might also be facilitated by lifting restrictions on the calls of Soviet ships to US ports. The Soviet side spoke of its readiness to consider the proposals of US firms on joint participation in the construction and management of hotels and restaurants within the USSR.

The participants considered and approved the report of the Council's President on the activities of the organization in 1985/86 fiscal year. The report, in particular, expresses the opinion that the resumption of Soviet-American summit meetings and the restructuring of the system of foreign economic ties of the USSR create realistic opportunities for expanding the two countries' trade.

It was noted that the Council had reactivated its working contacts with the US administration and Congress with the aim of eliminating the restrictions on trade with the USSR.

With the Council's assistance US companies put forward proposals on bilateral projects which are now examined and given greater elaboration by relevant Soviet organizations.

The Council arranged in Moscow 40 technical seminars of US firms, an exhibition of catalogues of 350 and a symposium of 15 US firms on the construction industry, rendered assistance in organizing the participation of about 60 US companies in the Inprod-torgmash-86 exhibition, is active in arranging a separate pavilion for US exhibitors at the Strojindustria-87 exhibition.

The Council promoted the signing of the five new agreements on scientific and technical cooperation between the USSR State Committee for Science and Technology and US firms. Much attention was paid to arranging time schedules in the USA for Soviet trade and industrial delegations and for delegations of US businessmen in the USSR. Regular informative exchanges are under way, and the quality of the

Journal published by the Council is being constantly improved.

The Council's larger membership was noted with satisfaction: recently such major companies as Westinghouse, McDonald's and others have joined it. The total number of US companies now members of the Council is 266. From the Soviet side 119 agencies and organizations have representation on it.

During the Council's annual meeting, negotiations were held with more than 80 US companies on the basic principles of possible agreements, mainly on the basis of earlier prepared proposals. Major companies participated in the negotiations such as: General Electric, General Motors, Dresser Industries, Occidental Petroleum, Westinghouse, Monsanto, Dow Chemical, Caterpillar and others.

Various business meetings enabled new areas of mutual interest be identified, particularly, in the automotive industry, diesel and electric locomotive construction, nuclear energy, instrument making, chemistry and petrochemistry, fertilizer and plant protection production. Special attention was given to the new forms of economic cooperation.

As a result of negotiations with a number of firms letters of intent were signed concerning the establishment of joint enterprises, especially between the USSR Ministry of Fertilizers and the Monsanto company, concerning the production of the glyphosat herbicide; USSR Ministry of Machine Building for the Light and Food Industries and Household Appliances and the Singer company in production of sewing machines; USSR State Committee for Science and Technology and Westinghouse corporation—on cooperation in nuclear power generation; USSR Ministry of Medical and Microbiological Industry and Eli Lilly—on the production of veterinary and pharmaceutical preparations; and some others.

A long-term agreement was signed with the Coca-Cola and Satra companies on the additional supply for freely convertible currency of Soviet-produced passenger cars against purchases from the USA of equipment to produce in the USSR apple juice concentrate, as well as for the preparation and bottling of non-alcoholic beverages Fanta and Coca-Cola from purchased concentrates.

The results of the 10th annual meeting of ASTEC evidence the interest of both countries' business communities in developing mutually beneficial coop-

eration, while the negotiations confirmed there were positive opportunities for realizing it.

The common desire of the Council's members to develop cooperation between the USSR and the USA found its reflection in the resolution of the meeting which says that Soviet-American trade and economic ties are an important factor for stabilizing relations between the two countries, which in turn is a major prerequisite for ensuring a lasting peace on Earth. Participants were strongly in favour of resolving major problems in developing trade and economic ties on conditions of equality, mutual benefit and non-discrimination, and were unanimous in recognizing the need to eliminate obstacles still in the way of mutual trade.

These are viewed as major objectives of the US-USSR Trade and Economic Council.

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U.S. PURCHASES WELDING RIGHTS—Close business ties have been established between specialists of the American company McDermott Inc. and scientists of the Ye.O. Paton Electric Welding Institute after the American party's purchase from the All-Union Association Licensintorg of the right to manufacture machines for welding underwater oil and gas pipelines. The parties meet annually where the results of the work done are analyzed and new designs considered. Experts from McDermott Inc. visited one of the construction sites of the Yamburg-Yelets cross-country gas pipeline where the welding equipment K-700 is in use. The new technology of continuous butt-welding of pipes was demonstrated to the Americans. The butt-welding cycle time, including all preparatory operations, took only eight minutes (the welding operation proper, three minutes). Donald Sprow, an executive of the American company, said that the new technology had good long-term prospects in the marine pipeline construction. [Text] [Moscow FOREIGN TRADE in English No 3, 1987 p 23] [COPYRIGHT: "Vneshnyaya trgovlya", 1987, English translation, "Foreign Trade", 1987] /8309

CSO: 1812/206



FRG POLITICAL CLUB MEETS ON EUROPEAN PEACE STABILIZATION

Moscow PRAVDA in Russian 1 Apr 87 p 5

[Article by Ye. Grigoryev under the "International Information" rubric: "Within the Rules: Report on the West Berlin Political Club"; first paragraph is PRAVDA introduction]

[Text] West Berlin-Moscow--It is the custom in the West to hold many conferences, forums, and symposiums in large hotels where there are conference rooms and other adapted accommodations. It is convenient to live and meet in one place, not losing time in moves about the city and associating informally outside the agenda. In West Berlin, they frequently choose the hotel "Schweizer Hof" for this purpose. That is where the annual conference of the West Berlin Political Club was held recently. The theme sounded current: "Initiatives to Stabilize Peace in Europe."

The club has been in existence for almost 20 years. The permanent organizer of its work is Hans-Juergen von Kris, who successfully combines the abilities of a scientist and the experience of an administrator. The second line of the official club letterhead reads: "Working Group for European Cooperation." The discussions and publications of the club serve to analyze the problems of our continent, to contribute to their resolution and, for this purpose, to give an impulse to public thinking.

Along with its work "at home," the club organizes out-of-town sessions in different countries. One on them was held in Moscow. The Soviet Committee for European Security has long supported contacts with the West Berlin Political Club. The latter invites representatives of our public to its own actions, which generally attract a sizeable international group of participants.

And this time the meeting at the Schweizer Hof hotel included scientists (politicians, economists, ecologists), diplomats, military people and journalists from 17 countries. Some names are well known in politics, science and journalism. But then one has to draw a line. The fact is that under the rules of the club one cannot publish the names of the participants in the discussions; their organizers believe that anonymity contributes to the openness of the conversation. So that to write about the meeting, as we arranged with Mr von Kris, we have to resort to an impersonal form.

The reader, used to publicity (glasnost), will probably think: what kind of secrecy is this? I dare say that there was nothing secret about this discussion. But rules are rules. I will limit myself to giving my impressions.

The meeting of the Political Club was held after the International Forum in Moscow. In a certain sense, it was a continuation of it. Both according to the problems at the center of attention and to its easily noticeable impact on minds. Whether diplomat, parliamentarian or scientist, literally every participant in the meeting behind the round table of the Political Club did not fail to refer in some way or another to the Moscow Forum and to the speech of M.S. Gorbachev there. One (so-and-so) said: "Your leader presented a profound analysis of the problems. It is difficult for a reasonable person not to agree with his conclusions. The new political thinking and the new approach to the problem of survival and security are truly the imperative of sober-mindedness and the time."

In this connection, one heard valid appraisals of the well-known Soviet initiatives. All noted the historical significance of Reykjavik. They spoke of it as an indispensable new reference point in the search for a solution to the problem of disarmament. Among the primary and most tangible tasks was named the question of the elimination of Soviet and American medium-range missiles in Europe.

But here is the paradox. The hopes and expectations expressed by Western participants were linked, as a rule, to further Soviet efforts, Soviet initiatives and even Soviet concessions. It was as if the question of construction efforts in return were hanging in the air. Some did not hide the reasons for the West European immobility. The term "Euroclerosis" also made the rounds. Some thereby complained about the "paralysis" of the Washington administration bogged down by "Irangate." Others talked about the paralyzing effect of the overall destructive line of the United States in international affairs, especially when disarmament was involved.

The concern about this was seen clearly among the West European participants. But so was a certain resignation to circumstances. It is clear that the American boss has a tight rein on his allies, inasmuch as such complaints as the following were heard: "Very well, I have nothing against discipline in NATO but at least do not let them hinder the development of bilateral relations with the East." No matter how you relate to these circumstances, they are also realities in the European situation.

The 3-day discussion in the Political Club showed convincingly that the appeal for new political thinking is tremendously attractive. At the same time, considerable efforts are certainly still needed before the new thinking becomes the universal guide to action.

Take, for example, the idea of a nuclear-free world. There were fervent speeches in support of it. But there was also talk about a "wonderful utopia." Judging by the discussion, certain circles in the West have still not realized the reality of such a goal and are not perceiving its specific

program of action. Here one sees the force of habit, political arguments understood in different ways, distrust and other circumstances.

Among the latter, one is frequently astonished by the clear lack of adequate information on the part of the Western audience on the views and positions of the USSR. A problem is created by the circumstance that the political analyses and documents do not reach those who should know them at least by virtue of their professional interests. And this is in an "open society"! And there is a hunger for reliable information. There were, for example, so many questions: do we not have a translation of the full text of the speech at the Moscow Forum and other materials on the foreign-policy initiatives of the USSR? In other words, the problem of publicity has an international aspect as well. Without it, how can one strengthen mutual understanding, cooperation and confidence?

Naturally, the conversation in the West Berlin Political Club was not simple. Different concepts were compared. There were disputes. Not all could or wanted to free themselves from ideas of confrontation. Someone defended the idea of peace based on nuclear weapons, that very same "deterrence." But the basic impression from the just as lively as proper businesslike disputes boiled down to the fact that the European expectations are high and that there is an obvious striving toward new shores and times.

Everyone noted possibilities for improvement. This doubtless reflected the public frame of mind that has developed everywhere in favor of disarmament, the liberation of the continent from deadly nuclear stockpiles, and normal and peaceful cooperation.

The conference of the Political Club sought in its own way to help the course of public thinking and efforts precisely in this direction. And because of this, in my view, it was interesting and useful.

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CSO: 1807/266

DUTCH BUSINESSMEN ON SOVIET FOREIGN TRADE REFORM

Moscow PRAVDA in Russian 6 Apr 87 p 7

[Article by Yu. Kharlanov: "On the Land Won From the Sea: From PRAVDA's Own Correspondent"]

[Excerpt] Amsterdam, April--Traditionally, over the centuries, they have cultivated flax in Holland and in the adjacent regions of Belgium. A naval power, the Netherlands built and equipped the ships that plowed the vast oceans beginning in the 17th century. And on all of these "flying Dutchmen" going to the Moluccas for spices and to Africa for ivory and slaves, the sails, ropes and work clothes for the seamen were made of locally grown flax. Not only coarse fabrics but also the renowned Dutch linen and Brabant lace were woven and knitted from the fibers of "northern silk." And the oil that they pressed from its seeds produced an excellent drying oil, also essential in shipbuilding.

Next to the house of M. Vandebilt is the building of a flax processing plant. Two workers put flax straw into a machine. After that, the machine does everything by itself.

"We recently sent such a machine, perhaps even a little more up-to-date, to the All-Union Flax Institute in Torzhok," says the manager. "We also exchange seed material. Our cooperation goes both ways.

"If I had not gone to the Soviet Union, to Torzhok and Bezhetsk, we would still be racking our brains about where to find a dependable and relatively inexpensive machine for harvesting flax. For checks show that even its apparent shortcoming that it is not self-propelled but a pull type turns out to be a saving. The motor, the most expensive unit of hardware produced abroad, does not lie idle for 11 months out of the year.

"I heard about the reform that the USSR is carrying out in the area of foreign trade," he says at the end of our meeting. "My advice is to be bolder in entering into direct ties and cooperation with small and medium-sized firms. I am sure that here in Holland there are dozens, if not hundreds, of enterprises that have something to buy from you and to sell to you and that are prepared to enter into cooperation in the area of production and research work."



Hans Baruch, general director of a firm well known in Holland for the production of women's ready-made clothing, says the same thing. One of the doors of his office leads to the pattern shop. It opens from time to time and young women hang just-prepared blouses, dresses and suits along the wall.

"Will these patterns go to the Soviet Union?"

"If they go into production, then of course they will," answers H. Baruch. "In principle, we sell to the USSR the very same assortment of goods that we handle, say, in Paris or Munich. We export our output to 23 countries in Europe and about one-third of it goes to the Soviet Union directly from our factories in trucks of Sovtransavto. Here in Mijrecht, we have even set up a small apartment where they can spend the night and rest after the road."

The general director just flew in from Moscow, where he negotiated on the expansion of the forms of cooperation in the sewing industry. In Moscow and Tallinn, using the firm's patterns from fabrics selected by it and sent accessories, they are already producing fashionable women's clothing, which goes to the Soviet market as well as to other countries. Overall, as they related in the Soviet trade representation in Amsterdam, more than 40 enterprises of the Soviet sewing industry are already prepared to organize production cooperation with Dutch garment workers, not just with Baruch's firm but also with such large companies as "Berghaus" or "Mackintosh."

Nor does H. Baruch reject the possibility of the establishment of mixed companies in the Soviet Union in the area of the sewing industry with the participation of Dutch capital and the involvement of Dutch commercial firms in the sale of these goods in Western Europe.

"The field for cooperation with your country is wide and this year we will observe its 20th anniversary," says H. Baruch. "We Dutch, who have been trading with Russia practically since the 13th century, are not about to relinquish our position here to competitors from other countries...."

We say good-bye. On the way back, I mentally review my impressions of the meetings in the Netherlands. I come to the conclusion that the possibilities for economic cooperation between our countries are still far from being fully utilized. The CUCOM "lists of prohibited commodities" and, in general, a view to Washington are preventing the Dutch from making broader use of these possibilities. Only reluctantly are large companies entering into full-scale production cooperation. The small firms do not have enough knowledge of the Soviet market or Soviet goods. And who might think that Soviet televisions or refrigerators could be sold in a country where the electrotechnical concern "Philips" is dominant? But they "went over" and so successfully that for a time their delivery was administratively restricted under the pressure of influential economic circles.

Our side could also do much. There is nothing good, for example, about the fact that the firm "Peya" was forced to put its own cabins and hoods on our "Belarus" tractors. My Dutch interlocutors are very polite people. They say that Soviet machines and machine tools must be distinguished not only by their design level but also by their quality and external appearance when they are marketed internationally.



# FINLAND-USSR COOPERATION IN PIPELINES, CHEESE-MAKING

## Pipeline Construction

Moscow FOREIGN TRADE in English No 4, 1987 pp 36-37

[Article by Anatoli Mertsalov]

[Text]

The cooperation of Soviet and Finnish organizations in using pipes as a transport means started in 1972 following the intergovernmental agreement on supplying Soviet natural gas to Finland. V/O Tsvetmetpromexport and Neste OY of Finland concluded a contract on constructing a gas trunk pipeline from the USSR border to Kouvola on the "turnkey" terms.

The length of the pipeline designed for the compressorless transportation of 3,000 million cu.m of gas per year, including the side gas pipeline to Kotka, is about 160 km.

A survey was carried out by the Soviet design institute Giprospekgaz; V/O Sojuzzagangaz of the USSR Ministry of Construction of Enterprises for the Oil and Gas Industry was in charge of the construction and rendered special services. The Finnish companies Lemminkainen OY, Neles OY and Nokia participated in the project as subcontractors and subsuppliers.

In January 1974 the gas torch was lighted during the official ceremony of commissioning the gas pipeline. Since

that date Finland has been receiving Soviet natural gas.

Timely fulfilment of the commitments and high workmanship were a reliable base for the Soviet and Finnish organizations to continue their cooperation in realizing the second phase of the project. Soviet specialists assisted in fixing the general route of the new gas pipeline, as well as in developing new surveying methods. In December 1984 V/O Tsvetmetpromexport and Neste OY signed a contract on the construction of the second phase of the gas pipeline Kouvola-Tampere-Helsinki with a total length of about 250 km.

In accordance with the contract Lemminkainen OY of Finland erected three temporary settlements for the Soviet specialists along the gas pipeline route.

In May 1985 construction gangs began preparing the routes and a year later the pipes were welded and the line completed.

Work was carried out on two routes Kouvola-Hirvihaara-Helsinki and Hir-

vihaara-Tampere. The gas pipeline laid in the southern regions of Finland crossed many roads, bogs, rivers, lakes and rocks which made the construction extremely difficult. Nevertheless good organization and use of the equipment and material supplies and coordination of the efforts of the Finnish companies which participated in the construction as well as advanced methods of construction enabled the gas pipeline to be commissioned one month before the date specified in the contract.

More than 300 specialists from different towns in the USSR worked with Finnish specialists in order to supply Finland with this clean energy carrier—natural gas.

In November 1986 the official ceremony of transferring the gas pipeline to the customer took place. Finnish officials highly appraised the quality of the work of the Soviet construction specialists.

Completion of the second phase of

the pipeline construction expanded the area where the gas can be used and assured realization of the agreement for supplying additional quantities of natural gas to Finland for the period of 1987-2008, well before the scheduled date.

Now the prospects for supplying the south-western regions of Finland with natural gas, as well as extending this gas trunk line further to the north are under consideration.

Soviet and Finnish organizations are now solving problems connected with increasing the quantities of gas supplied to Finland and greater diversification of the application of gas including its use in the chemical industry.

The cooperation established between the USSR and Finland gained in building pipeline and using natural gas is an example of long-term mutually beneficial economic relations and demonstrates the possibilities which the economic division of labour offers.

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#### Purchase of Bacterial Preparation

Moscow FOREIGN TRADE in English No 4, 1987 p 25

[Text]

The largest cheese-maker in Finland—VALIO—has purchased a Soviet licence for producing dry bacterial preparation Bioantibut, a concentrate of specially selected strains of lactic acid bacteria. One gramme of the concentrate contains a minimum of 150,000 million active cells of microorganisms. Bioantibut more efficiently controls butyric acid bacteria than nitrates or any other bacterial growth inhibitors. Application of the preparation in cheese-making gives a high quality cheese from milk when silage is used to feed dairy cows.

The first licence for this technology was sold by V/O Licensintorg to Pasilac Turn-key Dairies A/S (Ltd.) in Denmark.

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## BRIEFS

DANISH DAIRIES PURCHASE 'BIOANTIBUT'--Pasilac Danish Turn-key Dairies A/S of Denmark has purchased the production technology of the dry bacterial preparation Bioantibut from the All-Union Association Licensintorg and permission to market the new product in third countries. The new preparation depressed the growth of buturic acid bacteria in cheese and prevents cheese spoilage. It is more efficient than nitrates or other bacterial growth inhibitors and is much more economical than other means used preventing cheese spoilage. [Text] [Moscow FOREIGN TRADE in English No 3, 1987 p 23] [COPYRIGHT: "Vneshnyaya trgovlya", 1987, English translation, "Foreign Trade", 1987] /8309

ITALY-USSR CONTRACT FOR ROCK-BREAKING UNIT--A new high-power hydraulic force-applying unit which requires small quantities of working fluid is the subject-matter of an export license contract signed by the All-Union Association Licensintorg and the Italian company Pellegrini Meccanica SpA. The new force-applying unit has many different industrial applications, for instance, it can be used for rock-breaking. [Text] [Moscow FOREIGN TRADE in English No 3, 1987 p 23] [COPYRIGHT: "Vneshnyaya trgovlya", 1987, English translation, "Foreign Trade", 1987] /8309

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EVIDENCE FOR CONSIDERING JAPAN 'WESTERN' PRESENTED

Moscow PRAVDA in Russian 14 March 87 p 4

[Article by I. Latyshev: "Japan: East or West?"]

[Text] In the minds of many people abroad, the Japanese are a people who are carefully preserving their particular way of life, their original Eastern traditions. Seemingly many things attest to this viewpoint. The ideogram writing system, the archaic system of designating years according to eras of ruling of the emperors, the preservation in the life of the people of various Shintoistic and Buddhist holidays and rites, the adherence of a significant part of the inhabitants to such specific national amusements as Geisha dances, tea ceremonies, ikebana [flower arrangement], and involvement in traditional types of sport--sumo, karate, judo, kendo, and so forth. In the nationalistically-minded circles of the local political world, this viewpoint smacks most of all of the "uniqueness" of the Japanese and Japanese culture. In the literature published in Japan not only this sticks out but also the idea of a certain superiority of the Japanese over other peoples. The major successes of Japan in developing science, technology and the economy, and also in the trade war," which has developed in the world market between Japanese, American, and West European firms are explained by many conservative cultural scholars by the superiority of Japanese culture, or, as they are currently writing, "Japanese civilization."

The local press does not hide the fact that active support in planting self-satisfied notions about certain exceptional national qualities of the Japanese is being rendered by the leadership of the ruling liberal-democratic party. In the same connection, it is possible to trace the striving of official circles to regenerate in social life various exotic elements of the medieval culture. There are attempts to support the population's interest in Samurai valor, and return the Shintoistic mythology to school textbooks. Thus, the nationalistic moods among the Japanese population are being inflated, which promotes the strengthening of power of the conservative forces.

In my view, however, an error is being made by those who are undertaking today to judge Japan through a prism of its national characteristics, both actual and imagined. This approach does not allow one to understand the profound changes which have taken place here over the course of the last 4 decades, and are still taking place. And they, these changes, are leading to an ever

greater expansion of Japan's ties with the outside world, toward its progressive creeping into the economic, political, and cultural structure of the West, and toward the loss of the country's "Eastern" characteristics.

These changes are perceptible on the streets of Tokyo today. It is a city which has been built anew. Probably there is no other capital of a developed capitalist country which has so decisively broken off with the architectural heritage of the past as Tokyo. To a large extent this was "helped" during the war by the merciless American bombing of the city. But also a great role was played by the later-established inclination of the "powers that be" of Japanese society toward emulation of the West. With the exorbitant prices for land throughout the country, and especially in Tokyo, the thought never entered the minds of the Japanese city planners to preserve the style of earlier eras in the architectural look of the capital. And here is the result: the Tokyo of today has almost no distinctive national traits.

Rural regions of the country too are rapidly losing the Eastern appearance of bygone days. Branches of many well-known firms have been relocated in the remote countryside, introducing a "modern" industrial landscape into corners of virginal nature. Asphalt roads have been laid through the rice fields, through the mountain ridges. Manual labor in the fields has been replaced by every possible sort of agricultural equipment.

The appearance of modern Japanese people has also changed markedly. Their clothing, for example--these are the very same raincoats, jackets, coats, and nylon windbreakers, trousers, skirts, and jeans which can be seen in the crowds on the streets of any of the Western countries. Women in bright kimonos are seen only during the New Year's holidays or on ceremonial occasions such as weddings, funerals, and diplomatic receptions. In the home environment, it is true, robes in the earlier national style are still in use. Most often this occurs in the homes and apartments where rooms furnished with straw mats are still maintained. But such houses and apartments are becoming fewer and fewer, living spaces of a European type are considered more convenient and comfortable here. As multistory, multi-apartment buildings are built in Tokyo and other cities, people are abandoning their old little wooden houses with the tiny yards, miniature flowerbeds, and stone shrines.

And the diet of the Japanese is becoming different. Rice now occupies a lesser place in the daily ration than before. To make up for it, white bread, meat and dairy products, and sausage goods have come into general use. On the streets of Tokyo, side by side with Japanese and Chinese eating places, there have appeared a great number of American-style sandwich and fast-food places--"McDonald's," "Kentucky-Fried Chicken," "Hamburger," and so forth.

But what is especially important is that the spiritual life of the new generation of Japanese is changing. My neighbors, Japanese journalists and scientists, are convinced that young people are rapidly losing the traits characteristic of the older generation: zeal for work, discipline, diligence, purpose, respect for the old, and so forth. In the ideological diet of young people, a substantially greater share than before belongs to Western films, frivolous reading matter translated from English, and also comedians on the American model. Incidents of teenagers assaulting their parents and teachers



have become widespread in the country, as have instances of schools' calling in the police to subdue hooligans among the pupils. Juvenile crime increases from year to year. All of this is making the life of the Japanese very similar to the life and morals of Western countries, and giving rise to the same acute social problems which exist there.

The changes are organically connected with the radical alterations in the economic and social structure of the country which occurred in the postwar years. In order to prevent the revolutionary outburst which was imminent following the utter military defeat of militarist Japan, the occupying powers of the United States and ruling circles of the country had to embark on radical democratic transformations which were directed against the remnants of feudalism. This provided scope for a more rapid development of production powers than before, on a capitalist basis. Yet another fact is no less important: the close association with the West. In order to tie Japan into its military-strategic system, in the 1950's-1960's the American ruling circles, like their allies in NATO, opened up broad access to the innovations of their science and technology for Japanese enterprises. At that time many Japanese businessmen copied from the West not only technology and skills of economic management, but also "Western thinking." No, not Eastern sages but the pillars of the financial world of the United States and Western Europe became the rulers of thought and the teachers of the ruling elite of modern Japan. Another thing is that the Japanese businessmen did not borrow American business experience blindly, but creatively and capably turned to their own use and to that of the country's economic development the national characteristics of the Japanese, for example, their industriousness. Today the business interests of Japanese monopolies have gone far beyond the national limits and have acquired a global nature. Monopolistic Japanese megacorporations such as Toyota, National, Toshiba, Sony, and others are investing their capital both in South America and in Western Europe, and with greater and greater fervor as time goes on. It was these interests which became the major force behind Japan's rapid drift toward the side of the West.

The process of Japanese firms' acquiring shares of American and West European companies is proceeding rapidly, as is the process of merging the business interests of these firms and the others. Today a large number of leaders of business circles of Japan are looking at the world with the eyes of finance magnates of the United States, England, and the FRG, reckoning themselves to be in the Western camp. Just this tendency is reflected in the announcement of Prime Minister Nakasone and other state figures of Japan concerning "internationalization" of the country's economic interests and foreign policy. "Japan today is West, not East"--this is the underlying meaning of the protestations of the Japanese government of its solidarity with the West, its readiness to collaborate with the United States in realizing the program of the Strategic Defense Initiative, and its intention to turn the country into an eastern wing of NATO.

The economic, political, and spiritual growing together of Japan with the Western world in the course of its transformation into one of the centers of world imperialism is a process of contradictions, frequently arousing both frictions and conflicts between the Japanese monopolies and those across the ocean, as well as dissatisfaction in various segments of the population. In

the United States, for example, anti-Japanese moods are growing. In Japan, persistent opposition to being drawn into the plans of the Pentagon, and to the Americanization of its cultural life is being exerted by left-wing parties, workers' unions, and the progressive intelligentsia.

Under the influence of the objective laws of capitalist development, the country, it seems to me, is losing its Eastern color more and more markedly as time goes on. On the geographical map, Japan is seen as the country at the eastern extremity of Asia, but in the economic, social, cultural, and political regard, there are grounds for considering it the most "Western" among the countries of the East today.

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ETHNIC CONFLICT IN SRI LANKA OBSERVED

Moscow IZVESTIYA in Russian 8 Apr 87 p 5

[Article by V. Kondrashov: "Sri Lanka: Prolonged Conflict"]

[Text] It has already become a sad tradition. Every month the parliament of Sri Lanka passes a resolution extending the state of emergency for another 30 days. It was first introduced in 1983, a year marked by especially inflamed conflicts between the Sinhalese and the Tamils, producing hundreds of victims on both sides.

The Sinhalese make up more than two-thirds of Sri Lanka's population of 15 million. The Tamils number about 3 million. The acute ethnic conflicts between them are further complicated by religious differences: the Sinhalese are predominantly Buddhists, whereas the Tamils profess Hinduism.

The time when the first Tamils came over to Sri Lanka from the Hindustani peninsula reaches far into the past. This flow of Tamil immigrants has practically never stopped and it even increased significantly during the years of the British rule. The colonial authorities brought large masses of Tamils to the island; plantations belonging to the English were constantly in need of cheap labor. And historically it happened that the Tamils settled mainly in the east and particularly in the north of the island of Ceylon (former name of the country), including on the peninsula of Jaffna.

Today this national minority is presenting quite serious demands to the Government of Sri Lanka. The Tamils emphasize, in particular, that they are disproportionately represented in government organizations and in the armed forces, especially among command personnel, that they are not guaranteed equal rights in enrollment in educational institutions and in jobs, and that the area of the application of the Tamil language is being limited artificially.

The movement of the Tamils to eliminate national discrimination is far from homogeneous in nature. Whereas some organizations, in particular the Tamil United Liberation Front, are in favor of reforms, extremist groups are demanding the separation of the northern and eastern regions from Sri Lanka and the establishment of an independent state, "Tamil Eelam."

In recent months, "Liberation Tigers of Tamil Eelam" (LTTE), the largest and most influential organization, in the opinion of the Sri Lankan press, has been most active in this direction. The political program of LTTE includes the merging of the northern and eastern provinces of Sri Lanka, a demand to which, in the opinion of observers, the government will never agree. Having armed formations, LTTE clashes with government troops and forces of the so-called Sinhalese self-defense and carries out sabotage.

These skirmishes are taking place with varying success. In recent months, however, the government forces have significantly increased their own actions. The situation got especially hot after representatives of LTTE declared at the beginning of the year that they will set up their own order in the northern part of the island, that is, they will introduce their own laws, establish traffic police, issue their own postage stamps, and set up their own courts.

As a preventive measure, the Government of Sri Lanka announced the cessation of the delivery of fuel, food and other necessities to the country's north. In establishing a virtual economic blockade, the government has simultaneously turned to the LTTE with the call for negotiations, as the agency AP reported. In the opinion of a number of Sri Lankan observers, the conditions that accompanied this proposal were knowingly unacceptable. LTTE was to stop fighting and abandon Jaffna. The "Tigers of Eelam" declared that they do not consider themselves defeated and will not sit down at the negotiating table but will continue the struggle.

Colombo began military actions against Tamil formations in the north of the island with the large-scale use of aviation and artillery. As a result, there was a sharp increase in the number of victims among the civilian population.

Such an explosion of military actions evoked a negative reaction in neighboring India, above all in the state of Tamil Nadu, where about 50 million Tamils live. The chief minister of the state of Tamil Nadu sent a telegram to Indian Prime Minister Rajiv Gandhi with an appeal for him to use Indian authority to put an end to the military actions against the Tamils of Sri Lanka. An analogous telegram from the leadership of the Tamil United Liberation Front in Sri Lanka was received in New Delhi. Speaking in parliament, Indian President Zail Singh declared that the Government of Sri Lanka had renounced plans for a political settlement of the Tamil problem, resorting instead to a military attack.

In India, there has been a series of conferences at a very high level with the purpose of determining the country's position with respect to the current crisis in Sri Lanka. Since May 1983 with the mediation of India, there have already been several rounds of negotiations between the opposing sides in Sri Lanka but, as we see, they did not lead to the elimination of the conflict. The Government of India announced the termination of its mediation functions and emphasized that it can again take on such functions only in the event of the cessation of the economic blockade of the Tamil regions and the willingness of the Government of Sri Lanka to enter into negotiations with Tamil leaders under constructive principles.



The ethnic conflict in Sri Lanka is continuing. It has already cost thousands of lives--the saddest and most irreplaceable loss. The armed confrontations are having a negative impact on the economy. There was a time when this country attracted foreign tourists like a magnet. It is obvious that the flow of tourists has now diminished and, along with them, receipts of foreign exchange. The budget of Sri Lanka reflects the internal instability of the country. Military expenditures have multiplied during the years of the ethnic conflict. For the current financial year, they amount to 15 billion rupies, that is, 50 percent above what was planned. The size of the army has increased by a factor of five, now totaling 38,000 men. As the newspaper ATHTHA reports, the government had to reduce by 12 percent its appropriations for carrying out development programs.

At the same time that Sri Lanka's neighbor India is striving to help put an end to the conflict, certain circles in the West are not averse to doing a little fishing in the turbid waters of ethnic disturbances. Washington's tactic is to undermine the normal relations between Sri Lanka and India. It is a long-term plan but nevertheless easily apparent even now: separate Sri Lanka from the nonaligned countries and turn it into a military base of the Pentagon, the strategic importance of which cannot easily be overestimated.

In this connection, it is appropriate to recall the recent case of sabotage in the state of Tamil Nadu, which resulted in a major railroad wreck. Indian newspapers wrote candidly at the time that this was the work of Tamil separatists. At the same time, observers saw in this sabotage the latest attempt of the enemies of India to weaken the country, to shake its unity and to force it to play a less active role in the international arena.

The ethnic conflicts in Sri Lanka are bleeding this country. They are eroding its strengths and curbing its social and economic development and are making Sri Lanka vulnerable to the designs of imperialism. This is why all progressive forces both in Sri Lanka itself as well as beyond its boundaries are coming out in favor of the immediate cessation of armed actions in the north and east of the island and for the achievement of a reasonable political settlement taking into account the most important interests of the two largest national communities of the country.

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